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JANUARY, 1956

Credit and

FINANCIAL MANAGEMENT

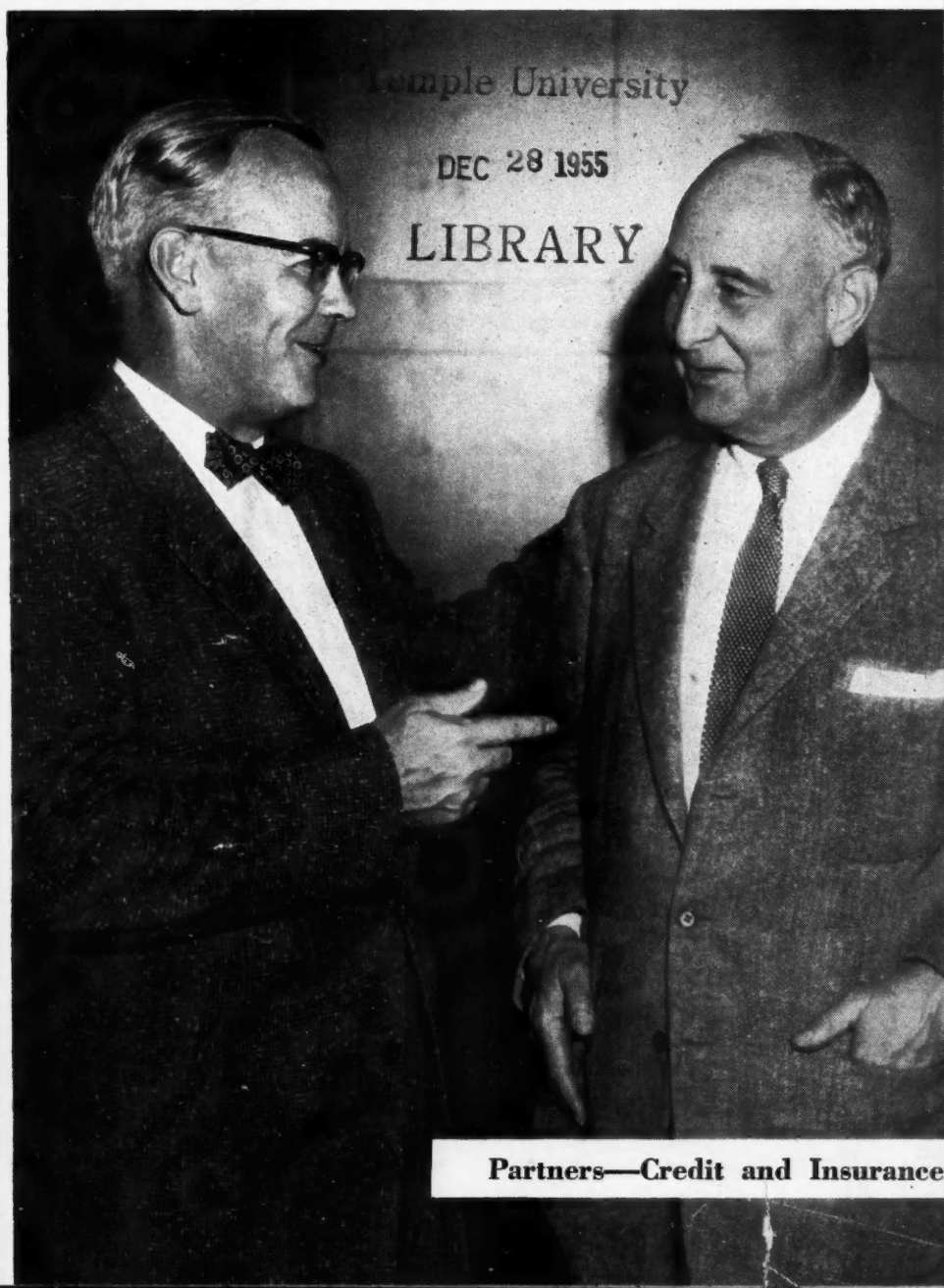
**Good Year Calls For
Alert Credit Handling**

**Test Shows Sevenfold
Warehousing Benefits**

**See Wholesale Price
Index 111.1 July 1st,
Production at 139.1**

**Electronics as a Tool
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**Machine Accounting
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Partners—Credit and Insurance

VOLUME 53

NUMBER 1

Command Decision

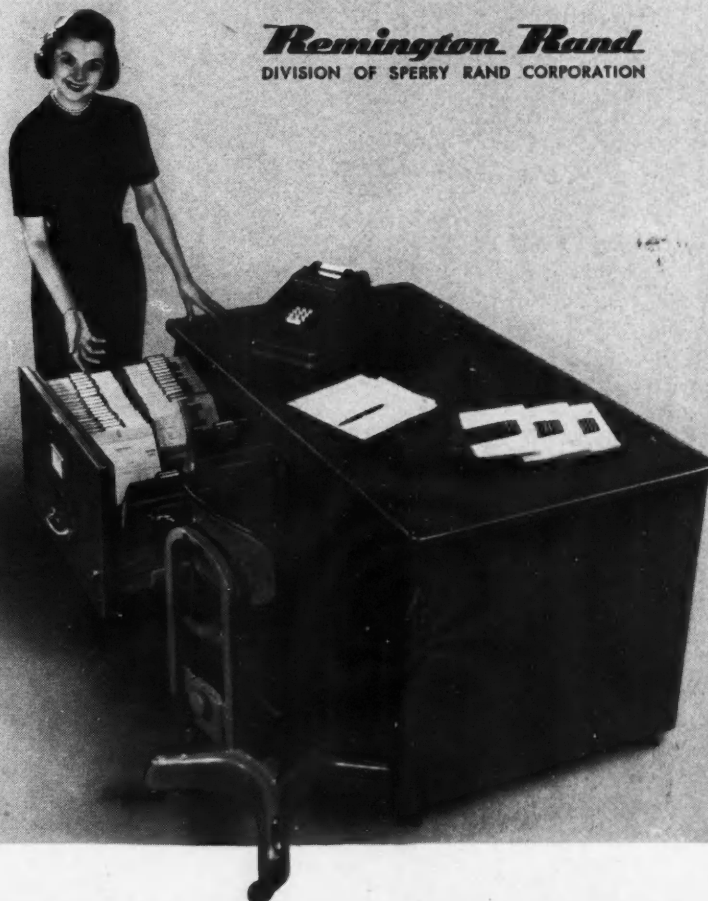


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In the News

EARL N. FELIO, treasurer and assistant secretary of Colgate Palmolive Company, has been elected a manager of The Provident Institution for Savings in Jersey City. Mr. Felio, past vice president and director, National Association of Credit Men, and currently vice president of the Credit Research Foundation, Inc., is also past president and director of the New York Credit & Financial Management Association. He is a vice president and director of the Jersey City Chamber of Commerce and vice chairman of the New Jersey Council of Economic Education; industrial chairman, Hudson County Savings Bond Association; member, New York Institute of Credit, and New Jersey Association of Credit Executives (Newark).

W. ALEX KENNEDY, former employee of the Detroit Association of Credit Men, and later district credit manager of Morley Brothers in Detroit, has been elected to the board of governors of the Commercial Law League of America for a period of three years.

GORDON D. SMITH, credit manager, Curtiss Candy Company, Chicago, is now on the national board of directors of the Campfire Girls.

HERBERT C. SCHICK, secretary and treasurer, Torrington Manufacturing Company, Torrington, Conn., has been elected to the board of finance of the city of Litchfield, Conn. He also has been appointed vice president of the Boy Scouts of America Tunsix Council.

VICTOR D. SMITH, assistant trust officer, Omaha National Bank, has been elected president of the National Society for Crippled Children.

WILLARD BUNN, JR., vice president, Springfield (Ill.) Marine Bank, is on the nine-man Greater Springfield Planning Commission, named by the city council.

MISS HELEN F. HELMER, credit manager, Maryland Hotel Supply Co., Baltimore, has received the McLeod Merit Award for outstanding services rendered the National Association of Cost Accountants.

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EDITORIAL

Henry H. Heumann
Executive Vice-President

Do Your Own Thinking!

In this year 1956 we have our national election. We accept without much thought the fact that we have a national election every four years. We have been accustomed to it since the birth of our nation. There is sometimes too little appreciation of the fact that to vote is a privilege. Such a privilege in a free country should not be taken lightly. Most of the people in the world do not have the right to elect. It is a privilege that was won the hard way. The best way we can express our appreciation of having it is to exercise it. We should all vote. We owe it to our country.

In an election year we can also make other resolutions that are worthwhile. In a free country with a free press and freedom of communications, opposing political parties just naturally tend to exaggerate. Many predictions are made as to what will happen to the country if this or that party does or does not win the election. One day you will hear of the wonderful outlook for the nation if the orator's party is elected; the next day you may be told that there will be dire consequences in store for all of us should that party gain power. Ignoring the bias-inspired exaggerations, the truth is, of course, that a sound political program, whichever the party, makes a better nation and insures sound progress. No political party could survive a program of liquidation of our freedom.

Dire predictions and prophecies of calamities in an election year are not to be taken seriously. We can resolve to do our own thinking and not get upset over political mouthings of what may happen to the country if this or that party takes charge. The economy of our nation is stronger than any political party. We need be concerned only if a very radical party, such as would espouse the philosophy of Communism, reveals strength. Neither of our major political parties is apt to initiate policies that would destroy our freedom.

All of us should exercise our right to use our own judgment as to which party is best for the government and which political platform more nearly meets our approval. We can spare ourselves a lot of unnecessary mental disturbance by taking political accusations in stride, as evidence of the fact that we do enjoy freedom of speech. In our own evaluation, when the charges and counter-charges become too extreme, we can take an amusing view of them. It will be easier on our dispositions to do so.

One of our resolutions for the new year should be that we will not permit campaign oratory in 1956 to impair our sense of judgment.

THE JANUARY COVER

MARCHING ALONG TOGETHER, song pepper-upper, cannot be claimed solely by the military. It's fully as apropos in economic significance when credit and insurance come up for consideration, for the two march as one for advancement of a company's profits and prospects.

The idea is brought out on this month's front cover, where Paul J. Viall (left), treasurer of the Chatta-



nooga Medicine Company, and Ralph E. Brown, vice president of Marsh & McLennan, Inc., of St. Louis, choose to compare notes over a subject of common business interest. Actually the get-together was at a meeting of the board of the National Association of Credit Men, of which Mr. Viall is president and Mr. Brown a director.

President Viall, from newspaper services, real estate sales and promotional writing, joined the pharmaceutical company in its selling department, went over to credit and collections and then up the rungs of the executive ladder into the treasurer-ship.

Director Brown is past president of the N. A. C. M. insurance advisory council and committee, and is currently a member. It was as chairman that he headed arrangements for the insurance panel at the 57th Annual Credit Congress in Montreal, a memorable presentation bearing out the same theme of integrated service in the common topic, "Insurance—Your Aid in Credit and Financial Management."

From the plains of West Point's Military Academy Mr. Brown went into business in the service of Marsh & McLennan, Inc., in Chicago. He was transferred to St. Louis when a new office was opened there in 1937. Five years later he became assistant vice president, in another two years a vice president. Mr. Brown is in his 15th year as a member of the St. Louis Association of Credit Men.

**CREDIT
and**

FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY * FINANCE * COMMERCE

General Manager, Edwin B. Moran

Official Publication of The National Association of Credit Men

VOLUME 58

NUMBER 1

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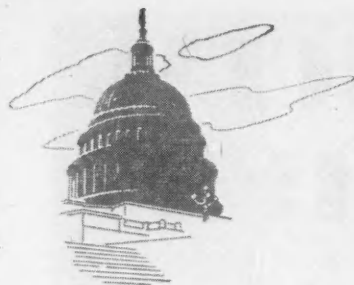


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Washington

❖ **HAS INFLATION** been curbed? The Administration believes so, said George M. Humphrey, secretary of the treasury, addressing the American Petroleum Institute, in San Francisco.

Mr. Humphrey said the value of the dollar had changed only one-half of one cent in the last 33 months, which means "we have kept inflation out of your savings almost entirely," contrasting with the fact that inflation, "public enemy of the worst type," between 1939 and 1953 had cut savings almost in half.

The move against inflation, he declared, had not brought an inflexible monetary policy that would be harmful to business. "We have not hesitated to ease or restrict the base of credit when and as indicated. Under the new cooperation that exists between the Treasury and the Federal Reserve, the full force of monetary policy has been made effective more promptly than ever before in the nation's history to better respond to natural demands."

The secretary produced these statistics:

(1) Total national production of goods and services now approaches \$400 billions, 20 times the total in 1900 and still more than seven times higher in terms of price rises.

(2) National income is more than \$320 billions, seven times above 1900 with allowance for price changes.

(3) Lower and middle income groups have received the greatest share of the increase. One-half our families earn more than \$4,000 a year, in 1900 only one-tenth earned that much.

(4) The number of life insurance policies taken out has increased nearly 18 times, to 250 million policies, against 14 millions at the turn of the century; individual ownership in life insurance, now above \$85 billions, contrasts with the less than \$2 billions in 1900. Small investors hold \$50 billions in U.S. Savings Bonds, and 55 per cent of American families (25 millions) own their own homes as against 7 millions in 1900.

❖ **GOVERNMENT** agencies and private groups now have set up a plan for the gathering of statistics on institutional investments of stocks, and information is being amassed by both open-end and closed-end investment companies (mutual funds), life, fire and casualty insurance companies, corporate pension funds and bank-administered trust funds, says the Senate banking committee.

The decision follows the stock market investi-

gation of last March by the committee headed by Sen. J. William Fulbright (Dem., Ark.), in which hearings disclosed lack of data to explain to what extent the bull market had been caused by the buying by insurance companies, pension funds, investment companies, private trusts and other institutional investors.

Data requested by the committee would include the following:

(1) Monthly common stock purchases and sales, number of shares and dollar volume, Jan. 1953 through Oct. 1955.

(2) Monthly common stock purchases and sales, number of shares and dollar volume for each of 25 specific common stocks, covering the same period.

(3) Total common stock holdings as of Jan. 1, 1953, and Oct. 31, 1955.

❖ **THE "SOIL-BANK"** (also called "acreage reserve") figures in a six-point roundup farm plan presented with the President's indorsement by Ezra Taft Benson, secretary of agriculture, for improvement of the farmers' plight but not as a "cure-all." Mr. Benson, accusing the political opposition of advancing "nostrums" and "cure-alls" to the point of "ludicrous proportions," said his plan would facilitate better use of land, better soil and water conservation, added income and reduction of overall agricultural production volume.

The program:

(1) Stepped-up surplus disposal and expansion of exports.

(2) A "vigorous" purchase plan to eliminate market gluts and help farmers adjust operations to market demands.

(3) An enlarged plan of soil conservation and incentive payments to divert cropland into grass, trees, and forage, especially in drouth areas.

(4) Widening of the rural development program for low-income farm families.

(5) More research, with emphasis on lower production costs, new uses for farm products, new crops and market expansion.

(6) A speedup of the Great Plains program with the 10 states in the area between the Rocky Mountains and the Corn Belt—the grazing and wheat center. This plan calls for better use of land and balanced production.

❖ **WHEN** income level reaches the point where the Federal Government takes more than one-half of each additional dollar earned, that's the time

when the taxpayer will have plenty of urge to give more time to reducing the tax burden than to earning more income. On that reasoning a recommendation that a 50 per cent ceiling be placed on taxation of earned income was made in a report submitted to the Investment Bankers Association at its recent convention in Hollywood.

Submitted by Walter Maynard of Shearson, Hamill & Co., the report also proposed:

(1) Taxpayers should be permitted to average income for tax purposes over a period of years, with the Treasury giving refunds to the extent taxes actually paid over a period of, say, four years exceed what would have been paid if the same income had been received in equal annual instalments.

(2) Capital gains taxation should be limited to a "reasonable proportion" (3 per cent, for

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example) of value of the property sold, and the right of taxpayers to make tax-free exchanges of property, now permitted in exchanges of owner-occupied buildings, should be extended to other kinds of property, assuming the exchange takes place within a "reasonable" time.

(3) The United States should follow the example of Canada and extend to 20 per cent the tax exemption of dividends received from domestic corporations (U. S. dividend tax credit is now limited to 4 per cent).

(4) Self-employed persons should be allowed to set aside pension reserves on a tax-deferred basis (now permitted only for corporate personnel).

(5) The public at large should not be required to pay most of the bill for deductible "extravagances" of high-bracket taxpayers, whether "champagne" or "unwise charities."

Easier Money in Election Years?

The association's governmental securities committee, headed by Discount Corporation's Herbert N. Repp, cited the Federal Reserve's recent steps to restrict availability of credit and increase its cost as evidence that it just isn't necessarily so that a Presidential election year assures easier money.

This report urged that investment bankers "forget politics" and watch "really tangible actions", such as the level at which commercial banks' reserves exceed statutory requirements, and the ex-

tent of bank borrowing from the Federal Reserve System to hold to a minimum their reserve deficiencies.

Emphasized was the development under changing economic conditions that had brought forth a group of non-bank lenders with enough funds to mask temporarily the tightness of money in the banking system. "One of the real accomplishments of monetary policy," said the report, "is that the longer-term capital markets have not become disorganized."

Gabriel Hauge, economist and administrative assistant to Mr. Eisenhower, was one of the convention speakers.

George W. Davis of San Francisco was inducted into the association's presidency, succeeding Walter W. Schmidt of Philadelphia.

¶ WHILE Toru Haguiwara, Japanese ambassador to Switzerland, was warning contracting parties to the General Agreement on Tariffs and Trade (the explosive so-called GATT), meeting in Geneva, that nondiscriminatory treatment of Japan's trade is essential to Japan's cooperation with non-Communist nations, other aspects of the problem in cotton and fabric imports were being sketched in Washington and New York.

Shrinking export markets and mounting surpluses provided the theme of a Department of Commerce report on cotton, which stated that, even with the rigid controls, production this year was almost 50 per cent higher than the total aimed at by the Government, bringing to a record 25.9 million bales the total supply for the 1955-56 marketing system, 2.4 million bales more than the previous record, that of the 1939-40 season. The current supply of course includes a reserve and surplus from previous crops—11 million bales.

And Demand Is Declining

The department predicted domestic and foreign markets would take at most 12 million bales from the supply this season, 400,000 less than last season—and the decline in sales would be experienced entirely in the export market, where shipments might drop under 2.5 million bales unless overseas users increase reserves.

Into the picture strode Robert T. Stevens, back at his desk as president of J. P. Stevens & Co., after resignation of the Army secretaryship, at a presentation of the annual Textile Award by the Textile Section of the New York Board of Trade.

The estimated 200 million yards in piece goods and garments to be exported by Japan this year into the United States—2 per cent of the U. S. cotton output—would have a destructive impact on domestic prices, Mr. Stevens said, and would upset what otherwise could be a period of improved profits for the industry domestically.

"I believe," he explained, "that the Japanese recognize that the great cost disparity between Japanese and American textile production cannot be bridged in this generation by the pressure of normal economic adjustment."



Good Year Calls For A

Watch Receivables in Tightening Competition, Leaders Caution

INTELLIGENT and alert credit operation, attentiveness to accounts receivable, and the handling of credit expansion will have much to do with how individual corporations fare in 1956, representative executives in the forward echelons of financial management agree in the annual poll by *Credit and Financial Management*.

These conclusions are paralleled by an averaging of 100 or more forecastings of the mid-1956 wholesale price index and the industrial production index, also presented in this issue.

The analysts are unanimous in their confidence in an overall good business year. Some foresee a gentle falling off in the second half, after plants have caught up with backlogs of orders. A contrary view is for a spring slow-up, then a revival in the fall after credit restrictions ease.

There is a two-way dissection of possible reactions from the elections, the negative in terms of uncertainties as to future governmental policy toward business, the positive in the conviction that neither political party would dare risk losing face by letting the economy slip a cog.

Amid expectations of somewhat larger credit losses and collection costs, as tightening competition "separates the men from the boys," majority opinion sums up the indicated approach to 1956 in the words "optimistic caution."—Ed.

1956 Will "Separate Men From Boys" in Work Year

HOWARD F. LEOPOLD, *President, Ero Manufacturing Company, Chicago, Illinois*

REGARDLESS of the stock market setback following President Eisenhower's heart attack, we at Ero Manufacturing see little change in the basic facts of our present economic life. Our plans for 1956 are based on a bigger business year than 1955.

I base this prediction on the fact that our economy is basically sound. First, unemployment is at one of its lowest points in many years. This is so despite large increases in the labor force due to immigration, the maturing of the post depression baby crop, and the increased employment of older people.

Secondly, the steel mills are running at better than 100 per cent of normal capacity. Advance orders for the next six months will maintain this pitch. In fact, if the mills so desired they could have equally large orders for the following six months.

Third, automobiles are selling at the highest rate ever. While dealers may not be making as large a profit margin as before, the high sales volume nevertheless is providing employment for all those in the automotive field, from the manufacturer to the maintenance man.

Fourth, homes are still selling at the highest rate ever.

Fifth, individual savings accounts are at an all time high.

Insofar as our company is concerned, we have just purchased a new plant in Chicago and are now building an addition to our plant in Hazlehurst, Ga.

It is my personal belief that during this period we are going to "separate the men from the boys." There are many fringe manufacturers and dealers in business who never did belong in their field but were brought in during the war period when anybody could sell anything he could make or make anything he could sell. Those days are over,

and according to the old proverb it will take 90 percent perspiration and 10 percent inspiration to stay in business successfully.

We are planning further advertising programs, displays and other sales helps to aid our dealers, jobbers and other outlets in disposing of more merchandise. In our own sphere we are endeavoring to modernize the merchandise we sell to make it more attractive for the consumer, because we always have felt that impulse buying is the basis on which most merchandise is sold.

Somewhat Larger Credit Losses, Collection Costs

AUGUST F. STONE, *President, American Credit Indemnity Company, Baltimore, Maryland*

THE YEAR 1956 should be just as good if not a better business year than 1955. It will be another year of aggressive selling to maintain and perhaps increase markets. Again, volume will be important as profit margins will be thin with the impetus of competition. Costs must be watched. Automation will continue its march.

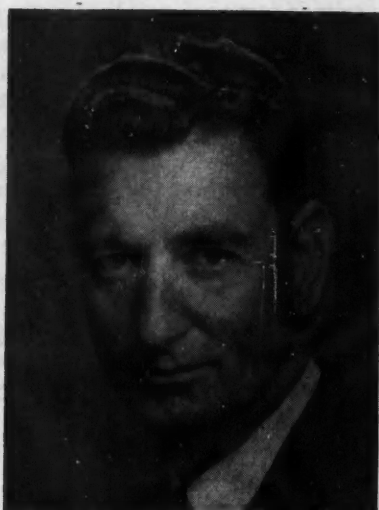
Statistics gathered by our company covering numerous diversified lines of business, which become available to us because of the nature of our business, indicate that credit losses and collection costs in 1956 will be somewhat larger than those in 1955. Our estimated policy liability, based on claims filed with our company, has shown a return to a lower level than 1954. After a continuous decline for 14 months, those statistics showed a moderate increase in August, 1955, but since that time have fluctuated within a narrow range.

Moreover, we are fully aware that there can be a recurrence of the conditions that brought about the 1954 setback, which culminated in a generally large increase in business failures and in the economic loss from unpaid debts. This is a natural part of our business pic-

Alert Credit Handling



HOWARD F. LEOPOLD



RALPH H. MULLANE



AUGUST F. STONE

ture where competitive pressures tend to result eventually in overextension. We do not consider the present level alarming, nor do we see anything on the horizon to cause worry; but we do feel that alertness should be the watchword for credit officials in the months to come.

The strong recovery in 1955 proves that underlying business conditions are sound. Demand for commodities and service is strong, and another year of full employment seems assured. With those favorable factors before us we expect general business prosperity in 1956—but again we caution that intelligent credit control and close attention to accounts receivable will be an important key to the 1956 individual corporation results.

Sees Slowing Up in Spring, Followed by a Fall Revival

RAYMOND RODGERS, *Professor of Banking, Graduate School of Business Administration and in the School of Commerce, Accounts and Finance, New York University, New York*

ON A SEASONALLY adjusted basis, consumer purchases of durable goods, private residential construction, public construction, business expenditures for new plant and equipment, changes in business inventories, and national security outlays increased \$7.9 billions in the first quarter of 1955, \$5.3 billions in the second quarter, and only \$1.9 billions in the third quarter. As the trend of these six key factors in our economy clearly indicates, the boom is leveling off. The reasons for the leveling off are equally clear.

First, the economy is operating at capacity in many basic lines. This is indicated by the growing backlog of unfilled orders and the decline of unemployment until it is now at the frictional level (that is, the minimum level consisting of those changing jobs, etc.).

Second, money management is being utilized to prevent further credit expansion, as it is obvious that, under

present conditions of such high level employment that many people not only have a fulltime job but also a part-time one, any increase in the money supply cannot increase the output of goods but may increase prices.

The aim of the present credit policies of the Federal Reserve authorities is to reduce the availability of credit to prevent over-expansion now, which might cause a business reaction later. As there is every indication that the credit restriction policies of the money managers will be continued until business turns downward or, at least, levels off, the outlook is for a slowing up next spring followed by a revival in the fall after the credit restrictions are eased.

Tight Cost Control Needed If Profits Are Trimmed

RALPH H. MULLANE, *Assistant Vice President, Liberty Mutual Insurance Company, Boston, Massachusetts*

AT THIS TIME last year many business analysts were advising caution in their business forecasts. The actual statistics for 1955 proved their fears to be unfounded.

In my opinion, 1956 should be another good one for business. The momentum developed during the last half of 1955 should carry over into the New Year without leveling off.

Unfilled orders have created backlogs among manufacturers which could keep them running at plant capacity through mid-year. Steel will be pushing production to catch up with unfilled orders that accumulated in the last quarter of 1955. There will be a continuation of industrial plant expansion with accompanying increase in new equipment. Public works in the form of new roads and new schools will produce added support to business activity in the first half of the year.

Because 1956 is an election year, we can depend upon politics to supply the "shot in the arm" necessary to keep

activity sustained during the last half of the year. The Administration's promise of tax reduction could influence consumer spending in sufficient quantities to bolster production and keep employment at its present record-breaking level.

The credit executive would do well to keep his finger on the pulse of collections. In the highly competitive market in 1956, there will be failures. The customer who trims his profits without a tight control on costs may find himself in trouble.

With a wideawake credit policy, 1956 can be made a very profitable year.

Inventory, New Equipment Are Strong Plus Factors

K. CALVIN SOMMER, *Assistant Treasurer and Credit Manager, The Youngstown Sheet and Tube Company, Youngstown, Ohio*

THE EXPANSION in general business has surpassed all expectations. For the year as a whole, 1955 will set new records for employment, national income, industrial production, construction, automobile production and steel production.

Looking ahead to 1956, it seems to me that the three main clues to the trend in general business are:

- (1) The trend in business inventories.
- (2) Business plans for spending for new plant and equipment.
- (3) The outlook for credit expansion.

The trend in inventories is a strong plus factor for 1956 because inventories are still relatively low in relation to sales. This means that industrial production will be sustained at a high level at least in the first half of 1956 while retailers, wholesalers and manufacturers strive to build up their stocks of goods.

Business plans for spending on new plant and equipment are likewise a strong plus factor for the year. According to a recent national survey, business plans to spend 13 per cent more in 1956 for capital goods. Manufacturing industries plan to spend 30 per cent more. We are planning to spend substantially more.

The third clue to the business outlook—credit expan-

sion—is not as clear. The rapid rise in business in 1955 was built to a great extent on a vast expansion in credit, a six billion dollar increase in consumer credit and a sixteen billion dollar increase in total mortgage debt. In order to prevent another round of inflation, the Federal Reserve System has taken steps to slow down the rate of increase in credit. Whether or not such steps will be successful without reversing the trend of business still remains to be seen.

There are, of course, many other factors which may affect the trend of business next year: the coming presidential election, possible tax reductions, and the drive for "guaranteed annual wages," to mention only a few.

Adding these pluses and minuses, the outlook for general business appears to be a continuation on a high plateau during the first half of the year, followed by a possible moderate downturn sometime during the second half. The year as a whole should continue to remain very strong.

A Good Year All the Way Under Mutual Confidence

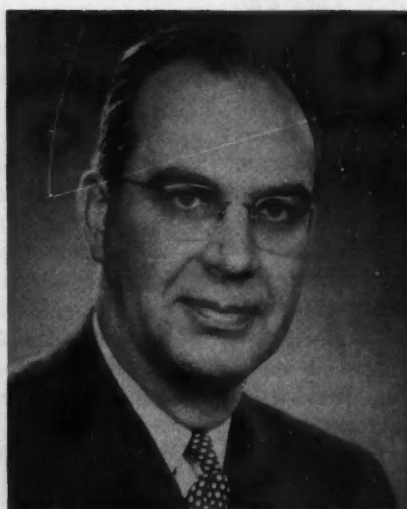
F. S. CORNELL, *Vice President & General Manager, A. O. Smith Corporation, Milwaukee, Wisconsin*

IN ATTEMPTING to predict business levels for 1956, it is a temptation to straddle the fence and say "Good for the first half; somewhat off after that." Most of the current forecasting opinion runs that way, it seems. We have to do better than that, however, because our sales and capital expenditures planning must be based on longer time periods. I think we have all the ingredients required for a full good year in 1956.

After considering the strong position of manufacturers' backlogs, as well as indicated plans for new plant and equipment expenditures, the June 1956 industrial production index ought to be about 3% above June 1955. And in spite of the pressures now being exerted, I don't look for too much of an increase in wholesale prices. By June of 1956, I think they will be only about 1½% over what they were a year earlier. And as far as the stock market is concerned, I think it will reflect the fundamentally healthy



FRANCIS S. CORNELL



K. CALVIN SOMMER



KIRK FISHER

"Ever since the removal of governmental regulations, business has shown that it can grow and expand in a free market. If the farmers had also been relieved of governmental interference, they too would have solved their problems."—Carl J. Sharp, Chairman of the Board, Acme Steel Company, Chicago.

condition of our economy by continuing to move upward.

At present, producers are spending money for plant and equipment at a rate well above 1954, particularly in the durable goods industries. As a result, new orders and employment in metals, metal fabrication, machinery, chemicals, and transportation equipment industries are increasing sympathetically.

The labor force and households represented have been increasing steadily since the war. Their needs for food, clothing, and necessities have also increased steadily, as activity in those fields will show. In an atmosphere of confidence, with steady wages and slowly rising costs of living, wage earners are willing to buy luxuries or goods other than necessities. This is being demonstrated right now.

I think the situation is right for a *full good year* in 1956, not just the first half. Capital goods employment is rising, weekly wages are increasing, and consumers are buying more than necessities. Household formations in 1956 will be almost as great as this year and will continue to increase in 1957. If the business community realizes this and prepares for it, purchasing power will automatically be placed in the hands of buyers. I believe that the stock market will strengthen and rise sympathetically, as security purchasers will reflect confidence in this strong underlying growth trend in our population.

Whether we have a full good year, with no slackening in the second half, depends on the preservation of this atmosphere of mutual confidence that producers and consumers now seem to have in each other. I believe that the business community has to take the lead in this matter. People will buy if we make it possible for them to do so. Our plans here at A. O. Smith are based on belief in the increasing needs of consumers in 1956 and succeeding years for our products. We hope our fellow producers will support us in this belief, since it calls for united trust and confidence in the future.

Optimism with Caution Is Gist of Southern Analyses

MRS. BEATH H. ROBINSON, *Treasurer, Williams & Voris Lumber Company, Chattanooga, Tennessee*

OPTIMISTIC CAUTION for 1956 is the consensus of several investors I talked with, representing manufacturing, banking and retailing. These are business executives who study the market carefully and use experience in investing their personal capital as well as in planning for their companies.

Politics has much weight in their predictions. The uncertainty as to post-election governmental policy toward

business in the next few years has removed the easy feeling business was enjoying.

One investor showed me that on August 25th the selling prices on his holdings averaged 48. On November 1st, the same holdings averaged 44. He considers this proof that industry can "take" a setback such as the September market break, that investors have faith in relatively high prosperity for 1956, that there will be fewer "killings" in stocks but no disastrous breaks.

Expectations for a good year in many industries such as automobiles and housing, the fact that business-as-usual in the executive branch of government for 1956 is now established, and the assured opening of new foreign markets, all give heart to investors and business.

Much of the up-pricing of products, it is thought, is in anticipation of next spring's mandatory raise in minimum hourly rate for labor. With this go-ahead signal, labor will demand across-the-board wage increases and other benefits. Domestic industrial expansion has reached its peak, but more automation installations will be made to offset increased labor costs. There is also resignation to no tax relief for corporations.

These are the reasons given by these Southern businessmen for concluding that 1956 will be a year of optimism tempered by caution.

Strategic Storage a Clue To Win Competitive Race

KIRK FISHER, *Credit Manager, Argus Cameras, Inc., Ann Arbor, Michigan*

MAINTAINING a sound economic growth in 1956 will be no easy process. A continued increase in overall activity of 8 billions a quarter is more than twice the normal growth of our economy. However, a more moderate rise could be supported. Dr. Arthur F. Burns, chairman of the Council of Economic Advisers, aptly described the economic situation when he said, "In an economy like ours, poised on a high plateau, neither the threat of inflation nor of recession can ever be very distant."

Uncertainties cropped up over the status of the President's health and the readjustment of stock prices. However, business decisions are being made in confidence that the country is growing in population and purchasing power, and in full realization of the rapid rate of change.

Surveys reflect a distinct tone of optimism, with forecasts of increased sales and profits, and a pronounced trend towards higher selling prices also in the picture.

Notwithstanding prospects for excellent business activity for the coming year, there will be a very tough but exhilarating problem of extending credit. Limits must necessarily be revised upwards, which will entail greater knowledge of a customer's ability to manage money. Increased volume with a correspondingly sharp increase in operating costs will pose an acute problem for managers of wholesale and retail businesses to find funds necessary to maintain adequate inventories.

Credit managers might well look into their companies' methods of distribution, for strategic storage of goods for quick delivery to customers will be necessary to keep pace with competition.

(Biographies of the discussants on page 27)

Wholesale Price Index Will Be 111.1 on July 1st, Industrial Production 139.1, Forecasts Average

ACCORDING to the predictions of the approximately 100 finance and credit executives, editors and economists, whose forecasts of the mid-year indexes appear below, and on the following page, the *Wholesale Price Index* for all commodities will be 111.1 on July 1, 1956. These executives' predictions as to the *Industrial Production Adjusted Combined Index* of that date average at 139.1.

Note: The forecasts are by the executives as individuals, not for the companies with which they are affiliated.

The base for the Wholesale Price Index for all commodities is the one used by the Bureau of Labor of the United States Department of Commerce and is the average of the years 1947-49 as 100. Note that the Bureau reported 111.3 as the index for June 1952; 109.5 for June 1953; 110.0 for June 1954; and 110.3 for June 1955. As we go to press this index stands at 111.5.

The Industrial Production index base is that employed by the Federal Reserve Bank, 1947-49 average is 100. Federal reported this index as 118 for June 1952; 136 for June 1953; 124 for June 1954; 139 for June 1955. And, still climbing as of presstime, the Industrial Production index is up to 141.

Two members of the credit-finance management fraternity rang the bell on the Wholesale price index last year. There were no "bullseyes" in the area of the Industrial Production index, although a company treasurer and a specialist in marketing research came within one point of the figure (no need to remind you it would have taken a genuine prophet to foretell that one).

Jot down your own forecasts, then compare them when the official returns are in late this summer.

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
Dr. A. R. Upgren, Dean, Amos Tuck School of Business Admin., Dartmouth College, Hanover, N.H.	111.0	144
F. S. Cornell, Vice Pres. & Gen. Mgr., A. O. Smith Corp., Milwaukee, Wis.	111.8	142
A. R. Dahms, General Credit Mgr., A. O. Smith Corp., Kankakee, Ill.	112.0	139.4
John H. Charpentier, Asst. Secty., The Fenn Manufacturing Co., Newington, Conn.	111.0	142
Albert Pauly, Credit Mgr., Samuel Cabot Incorporated, Boston, Mass.	110.8	130
William L. Busch, Credit Mgr., Charles Pfizer Co. Inc., Brooklyn, N.Y.	110.5	142
Henry A. Titus, Credit & Office Mgr., Malleable Iron Fittings, Brandford, Conn.	110.4	144
Laurence S. Day, Credit Mgr., W. F. Schrafft & Sons, Boston, Mass.	110.8	135
Howard A. Gagnon, Credit Mgr., Detroit Ball Bearing Co. of Mich., Detroit	111.1	148
H. G. Hinson, Secty. & Asst. Treas., The Bessemer Limestone and Cement Co., Youngstown, O.	111.4	135
Charles E. Haines, Credit Mgr., Newport Steel Corp., Newport, Ky.	110.5	139.5
Donald B. Shaw, Vice Pres. & Treas., Howard W. Sams & Co., Inc., Indianapolis, Ind.	110.5	137
C. L. Ottinger, Office Mgr., Elliott Packing Co., Duluth, Minn.	111.25	144
Henry G. Baker, Credit Mgr., The Oklahoma Publishing Co., Oklahoma City, Okla.	110.5	133
C. E. Woodford, Credit Mgr., John Morrell & Co., Ottumwa, Iowa		136
R. G. Wendt, General Credit Mgr., Hinde & Dauch, Sandusky, O.	110.3	132
R. G. Mills, Vice Pres. & Treas., Clowe & Cowan, Inc., Amarillo, Texas	111.5	139
Harold H. Berg, Treas., Dakota Electric Supply Co., Fargo, N.D.	112.1	139.5
Fred J. Hamerin, Secty. & Treas., Lilly Varnish Co., Indianapolis, Ind.	111.6	133
C. Fred Ensign, Asst. Treas., The Cleveland Twist Drill Co., Cleveland, O.	110.8	140.2
H. C. Cogan, Treas., The Parker Appliance Co., Cleveland, O.	110.7	135
H. B. Simpson, Asst. Vice Pres., The American Lubricants Co., Dayton, O.	111.0	140
Carl T. Geisler, Credit Mgr., Manitowoc Equipment Works, Manitowoc, Wis.		138
O. W. Harigel, Vice Pres., Houston National Bank, Houston, Tex.	110.7	141
C. K. Kuehne, Office Mgr., H. D. Lee Co., South Bend, Ind.		142
James N. Jones, Treas., Decatur & Hopkins Co., Boston, Mass.	113	140
J. B. Penning, Credit Mgr., Johnson Furniture Co., Grand Rapids, Mich.	110.4	140

	Wholesale Price Index For All Commodities	Industrial Production Adjusted Combined Index
Rollie Gallagher, Secty. & Treas., F. Brody & Sons Co., Des Moines, Iowa	110.7	127
A. H. Ahlers, Asst. Secty. & Asst. Treas., Owens-Illinois Glass Co., Toledo, O.	110.8	135.5
R. D. Andrew, Secty., American Blower Corp., Detroit, Mich.	112	149
E. R. Blumenshine, Office Mgr., American Box Board Co., Grand Rapids, Mich.		143
Charles A. Jackson, Treas., The Ohio Oil Co., Findlay, O.	112.5	145
P. E. Nichol, Credit Mgr., The Udyllite Corp., Detroit, Mich.		143.25
Paul E. Ewers, Commercial Mgr., Michigan Consolidated Gas Co., Detroit, Mich.	110.7	133
J. Preston Miller, Controller, Dexter Industries, Inc., Grand Rapids, Mich.	114	125
John M. Winton, Regional Credit Mgr., Linde Air Products Co., Kansas City, Mo.	110.7	149
C. E. Tronson, General Credit Mgr., Turco Products, Inc., Los Angeles, Calif.	110.8	135
R. H. Buchheit, Mgr. Credits and Accounting, The Sherwin-Williams Co., Dallas, Tex.	110.8	150
C. J. Walraven, Secty., Cohn Goldwater Mfg. Co., Los Angeles, Calif.	111.0	130
S. R. Trythall, Treas., The Hallack & Howard Lumber Co., Denver, Col.	110.5	135
Paul E. Mertz, Financial Consultant, The Williamson Co., Cincinnati, O.	111	140
L. R. Folda, President, W. J. Bailey Co., San Diego, Calif.	111.7	144
Frank T. Henry, Vice Pres., Arden Farms Co., Los Angeles, Calif.	110.5	136
C. H. Cuny, General Credit Mgr., United Air Lines Inc., Chicago, Ill.	111.1	138
L. W. Bicking, Credit Mgr., Detroit Steel Corp., Detroit, Mich.	112	143
W. Le Roy House, Credit Mgr., The Electric Supply Co., Atlanta, Ga.	110.1	137
C. P. Jones, Credit Mgr., Penick & Ford Ltd. Inc., Cedar Rapids, Iowa	110.6	135
William C. Murphy, District Credit Mgr., The B. F. Goodrich Company, Chicago, Ill.	111.7	143
W. K. Price, Treas., Carolinas Auto Supply House, Charlotte, N.C.	111	
Joseph J. Kaberna, Vice Pres., The First National Bank of Chicago, Chicago, Ill.	100	141
P. H. Frans, Pres., Holland Electric Supply Co., Holland, Mich.	109.6	136
L. C. Gilbert, District Credit Mgr., Swift & Co., Atlanta, Ga.	110	
R. B. Holdredge, Credit Mgr., Sues, Young & Brown Inc., Los Angeles, Calif.	111	146
Wallace G. Quest, Credit Mgr., Electric Fixture & Supply Co., Omaha, Neb.	112.3	
Arthur A. Smith, Vice Pres. & Economist, First National Bank, Dallas, Tex.	110.7	141
J. W. Graber, Regional Credit Mgr., Maxwell House Div. of General Foods Corp., Chicago, Ill.	110.4	134
L. B. Oswald, Credit Mgr., Cook Paint & Varnish Co., Omaha, Neb.	111	141
Jack C. Ogden, District Credit Representative, Aluminum Co. of America, Dallas, Tex.	112.2	139.5
Charles E. Roberts, Credit Mgr., Burwell & Dunn Co., Charlotte, N.C.	111.8	142
Dwight L. Davis, Executive Vice Pres., H. & S. Lumber Co., Charlotte, N.C.	110	130
Paul C. Baichly, Divisional Credit Mgr., Ralston Purina Co., St. Louis, Mo.	112.5	144
C. N. Boyd, Credit Mgr., Kelley How Thomson Co., Duluth, Minn.	110.8	
W. H. Merrick, Asst. Treas., Green Giant Co., LeSueur, Minn.	111.7	145
George Radie, Asst. Controller-Gen. Credit Mgr., Dixie Mills Co., E. St. Louis, Ill.	110.9	138
James G. Gibbons, Treas., J. T. Gibbons, Inc., New Orleans, La.	111	134
O. J. Smith, Asst. Credit Mgr., Hercules Powder Co., Wilmington, Del.	114.4	145
G. M. Layne, Controller, Mid-States Steel & Wire Co., Crawfordsville, Ind.		137
F. C. Livermore, Treas., Kaufman Knitting Co., Minneapolis, Minn.	110.5	143
Norbert G. Bausch, Treas. & Credit Mgr., Henry W. Miller Electric Co., Omaha, Neb.	111.4	143
J. F. Welsh, Secty., McCormick & Co., Inc., Baltimore, Md.	110.7	141
Miles Booth, The DeVilbiss Co., Toledo, O.	117	143
F. R. Madigan, District Credit Mgr., Westinghouse Electric Supply Co., Omaha, Neb.	110.4	137.8
T. M. Sherman, Staff Director, Credit & Col., Thompson Products, Inc., Cleveland, O.	113.7	143
Howard B. Johnson, Vice Pres., Atlantic Steel Co., Atlanta, Ga.	111.8	140
August F. Stone, Pres., American Credit Indemnity Co. of N.Y., Baltimore, Md.	111.5	142
K. Calvin Sommer, Asst. Treas. & Credit Mgr., The Youngstown Sheet and Tube Co., Youngstown, O.	114	145
W. L. Holmes, Asst. Treas., Schlumberger Well Surveying Corp., Houston, Tex.	109.8	136.8
T. Douglas Oxford, Asst. Treas., General Shoe Corp., Nashville, Tenn.	110.8	132
Thomas J. Adams, Vice Pres. & Credit Mgr., Times Picayune Publ. Co., New Orleans, La.	109	127

The Regal sales force is a hard-hitting, well-knit team that covers the United States and its possessions and many foreign countries. Our products consist of infants' and children's knitwear, and bathing suits from crib to college.

In such an operation, it is essential that our credit policy be liberal, and that is precisely what we have tried to make it in order to maintain sales volume at peak efficiency.

Our approach to credit is positive. We believe any prospective customer is entitled to our credit facilities until investigation proves him unworthy. We look upon our customers as friends in the truest sense of the word. They help us to make profits and we not only help them to show profits at the end of the year but also give them advice whenever needed in their financial, merchandising and selling problems. In the 36 years since Regal's inception, this policy has paid off handsomely.

To perform his function, a credit man must find ways to handle orders from doubtful and marginal risks and so leave the door open for business when the accounts will have progressed to the discounting of all their bills.

A case that comes to mind concerns one Mr. Smith, a single man of 25 who had been selling behind the children's wear counter of a large department store. In five years he had managed to save \$3,500.

Mr. Smith decided to go into busi-

MANAGEMENT AT WORK

... a problem case is solved

By HENRY FIEDLER, Regal Knitwear Company, New York, N. Y.

ness for himself, and visited our credit department to open an adequate line of credit. We had quite a chat with him and came away from the interview with a favorable impression. True, his capital was limited, he had had only five years of selling and lacked managerial experience, he was going into a highly competitive business, but something about him made us decide in his favor (besides the fact that he was in excellent health and had just become engaged to a lovely girl).

As he expounded his plans, with all the enthusiasm of a young man just embarking on a business career, we felt he was going to go places.

Mr. Smith had rented a store, at \$60 a month, on the main thoroughfare of a fast-growing town. The

lease called for a graduated rental over a period of five years with an option to renew. His uncle was a carpenter, so the fixtures cost him very little. He had great faith in the power of advertising, and planned to build up his clientele through a wise program. He was going to carry branded lines that would create and maintain his reputation as a local merchant. At the start he would keep his operating and administrative expenses down to a minimum. Any profits at the end of the first year would be reinvested in inventory so that stock gradually could be increased.

Pays Half, Gets Entire Order

Mr. Smith knew it would be a hard climb, and that his ability was yet to be demonstrated, but he was willing and ready to give it a try. All he needed, he felt, were a few wellknown lines to get started. He asked us for a line of \$1000. This we thought too high because of his limited capital. As he was familiar with the Regal line, knew its potentialities for the past five years, and was quite confident that he could do an outstanding selling job, we suggested the following arrangement.

Check for Half Starts Him

We were willing to play ball with him provided he felt the same way about us. If he would give us a check for \$500, we would handle the whole order for him. He agreed.

Our new account started, discounting his invoices. Six months later he came in to see us. He admitted he was slowing up. In his eagerness to build up his inventory, he had overbought. As a result, his cash position was weak, and he was now



THE SLOGAN "The right merchandise at the right price at the right time" motivated the beginnings 36 years ago of Regal Knitwear Co., Inc., by David H. Israel (left), president, and his brother Julius, secretary-treasurer. Shown with the president is the company's credit and collection manager, Henry Fiedler.

BEGINNING his business career in New York while continuing his education in the evening classes of The City College, Henry Fiedler in 1930 entered the credit department of J. H. Semel & Co., Inc., wholesalers. After two years he was assistant credit manager, and in 1938 he was named credit and office manager.

Three years later Mr. Fiedler joined Merchants Textile Mills as credit manager. From 1943 to 1946 he served overseas. Before affiliating with Regal Knitwear Company in 1950 as credit executive he had received his B.B.A. degree in merchandising and marketing from City College (1943) and his master's degree from New York University in 1949.

Mr. Fiedler is president of the Infants' and Children's Wear Credit Council; vice chairman, Infants' and Children's Apparel Credit Bureau; member, executive committee, advisory council, Infants', Children's and Boys' Division of Credit Exchange, Inc.; member, New York Credit & Financial Management Association, New York Institute of Credit, and Credit Men's Fraternity, Inc.

having trouble meeting his maturing obligations in the trade.

We suggested he seek a loan from his bank, for two reasons:

- (1) To pay off all his past-due indebtedness, and
- (2) To establish credit with his bank in order to take advantage of any future loans he might require for expansion and settlement of bills.

He followed our advice and went on to build a highly successful business. Today, Mr. Smith is one of our solid accounts, discounting all his bills. While his volume is not the largest on our books, it has grown from year to year until all his knitgoods and bathing suit purchases are now from Regal. In return for our confidence he has repaid us with maximum patronage and loyalty. We are proud to have contributed to his success.

The case is one of many that stress the need of a positive approach by credit executives, with faith in young men who are eager to get ahead in business. The same applied faith and confidence form the backbone of the American way of life.

The man who hoarded his money used to be known as a miser. Now he's a wizard.

—Anonymous

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Pilot Test Provides Sevenfold Proof Warehousing Boosts Sales, Cuts Cost

By DONALD K. MILLER
Assistant to President

American Express Field Warehousing
Corp.
New York, New York

MANY remedies have been advanced over the years for the credit man's dilemma: How extend sufficient credit satisfactorily and with apparent grace without impairing sales volume? Some have found a solution; they aren't talking about it but they are reaping the profits.



D. K. MILLER

They aren't talking about it for two reasons: (1) They know it works for them but it might not work for someone else, except their competitors; (2) Why teach a competitor how to retain more dollars!

More than a year ago a credit man decided to investigate "Secured Distribution". He had heard the field

warehousemen boast how their plan eliminated credit losses, increased sales, reduced costs and acted as a general solution for the credit man's problems. It all sounded too good to be true.

A "pilot" operation would confirm or refute these assertions. He started one, using a typical distributor as a guinea pig. He shipped a representative stock of his products, worth \$25,000, to the field warehouseman who had leased a portion of his distributor's enclosed warehouse space. The warehouseman had employed one of the distributor's trusted men as warehouse custodian and had bonded him under a high limit fidelity bond.

This employee, who had the only key to the space where the supplier's products were stored, had strict orders as to how and when he could release goods. Warehouse receipts were given to the supplier to assure him that the goods were being held for his account. The creditman gave instructions as to how goods could be released—in this case \$2,500 in value in any one week, with settlement at the end of the week. As goods were

sold by the distributor and released from warehouse and the supplier paid, additional shipments went forward.

The creditman watched the operation closely. At the end of the year, he analyzed the account, with these results:

1 Sales had increased, due at least in part to the fact that the distributor had a larger and more representative stock than the creditman would have granted him unsecured.

2 The supplier was being paid much sooner than under normal credit terms. Goods were being paid for as released from warehouse (and as sold by distributor) and within the discount period. This meant more money in the supplier's till and less strain on bank credit.

3 Almost all shipments had gone forward by full carload or truckload, thus eliminating higher L.C.L. freight costs for smaller shipments, each urgently needed to fill an order.

4 The cost of the warehousing plan had been less than anticipated. Some products had had a four times

USE THIS TABLE

to calculate the savings which "Secured Distribution" may effect for your business. Many of the following items may not be applicable to your company. If only one is applicable, that one alone may justify your use of the plan. Compare your present annual cost with the cost to you if you use "Secured Distribution". If you can effect a sufficient saving, you should consider using the plan, because there will be many other advantages and intangible benefits.

Items of Cost	Present Cost Annually	Cost if S.D. is used
1. Transportation carload vs. L.C.L. In bulk without packaging vs. packaged item. A few large shipments vs. many small ones	\$	\$
2. Terminal storage and handling charges	\$	\$ None
3. Rental value of manufacturer's production floor or own warehouse space	\$	\$ None
4. Traveling auditors	\$	\$ None
5. Credit losses	\$	\$ None
6. Distributor's use of your money	\$	\$
7. Short production runs	\$	\$
8. Overtime pay at peak seasons	\$	\$
9. Tax savings	\$	\$
10. Knowledge of what models, sizes, colors, qualities are selling fastest.	\$	\$ None
Totals	\$	\$

Divide the savings by the number of units produced to learn savings per unit; multiply that by the number of units you might move through one field warehouse in a year. Compare such savings with the cost of "Secured Distribution" as set forth below.

Field warehouse costs are generally based on value of goods. These costs may vary considerably, depending on location of warehouse, quantity of units, kinds of goods, etc. But let us take a typical example. Assume you would ordinarily stock a distributor with \$25,000 of goods. Field warehouse costs might be: Installation charge \$50; Annual supervision fee \$300; monthly storage rate $\frac{1}{8}$ th of 1% on peak value stored. (Rates decrease as values increase.)

The total annual charge would be about \$725. If the distributor sells \$10,000 per month, he will have disposed of \$120,000 in a year at a warehouse cost of about \$725, which is about $\frac{1}{10}$ ths of 1% of value. If he has a 12 times turnover—or \$300,000—the field warehouse charge is reduced to about $\frac{24}{100}$ ths of 1% of value.

turnover; some, 11 times turnover. As the warehouseman's charges were based on peak monthly value, instead of through-put, the larger volume flowing through the warehouse during the year had reduced the warehouse cost to about 1% of total value.

5 The distributor could afford to pay for field warehousing. The discounts taken furnished more than sufficient savings to pay such costs.

6 There were no credit losses. They could not have exceeded \$2,500 in any event, because the field warehouseman would have been responsible for goods delivered and not paid for in excess of that value.

7 The warehouseman's weekly release orders, accompanied by distributor's check, kept the supplier's sales and production departments fully informed as to what kinds of goods were selling fastest in the community where the warehouse was located. It was obvious that warehouses spotted throughout the country would supply vital information to the production department.

Year's Checkup Convinces Him

It took the creditman one year to be convinced. Now he knows how "Secured Distribution" works, what it can do for his company and what it can do for a distributor. He plans to use it extensively in selected cases, to sell the plan himself and call in the field warehouseman when arrangements have been completed.

"Secured Distribution" is not the answer for every creditman. But it is the answer for most creditmen in particular situations. Some, who have found it satisfies their needs, use it at every distribution outlet. The favorable financial standing of the distributor may be of no consideration. Where the plan works well, the uniformity of method, the control afforded, the savings effected and the intangible benefits resulting are sufficient to warrant its use.

Some suppliers pay its entire cost and add such cost to the other costs of doing business. Some pass along such cost to the distributor as an interest charge on the value of goods in warehouse not paid for. Some allow no releases from warehouse without full payment; the account receivable resulting from the sale of the released goods can be pledged with the local bank if the distributor needs the funds.

Many suppliers are not in a position financially to take back the warehouse receipts. If the product will retain its value even on a forced sale,

the local banker usually will finance the distributor's purchase and accept the warehouse receipts as collateral. In such instance, the supplier immediately is paid in full. Where the product may diminish considerably in value on a forced sale, the banker may insist on a repurchase agreement from the supplier to be effective if the distributor defaults. The supplier must then decide whether, in consideration of prompt and full payment, he can afford to show a contingent liability on his financial statement.

The reason which justified the use of "Secured Distribution" for one supplier may well have no merit for another. For one, the savings in transportation charges by shipping in full car or truck load lots instead of L.C.L. may be sufficient. For another who has his own central distribution warehouses or hires terminal facilities, the savings which arise from the rent-free use of a distributor's warehouse make "Secured Distribution" worthwhile. For yet another, who can dispense with traveling auditors, the savings are most apparent.

With "Secured Distribution", the

DONALD K. MILLER was associated with the New York law firm, Carter, Ledyard & Milburn, until engaged by Ralph Reed, president of the American Express Company, to supervise the activities of its subsidiary, American Express Field Warehousing Corporation.

A graduate of Amherst College and Columbia University's law school, Mr. Miller had varied legal experience before specializing in the law relating to bailments, pledges and warehouse receipts. He has traveled extensively in the United States and Canada on warehousing problems.

supplier knows weekly how goods are moving and can plan his production runs to make more of a fast selling item and less of a slow moving one. This knowledge allows for better planning, longer production runs in advance of peak selling season, less overtime pay to produce quickly in quantity to avoid losing a market. Tax savings are not insignificant; how to pass title and avoid personal property taxes in the distributor's

(Concluded on page 19)

MARSH & McLENNAN

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St. Paul Duluth Portland Buffalo Atlanta Calgary Washington
Tulsa New Orleans Phoenix Milwaukee Cleveland Havana London

ELECTRONICS FOR SMALL COMPANIES

Incredibly Fast Computation of Mass of Routine Operations

By **SAMUEL D. LEIDESDORF**
Certified Public Accountant

S. D. Leidesdorf & Co.
New York, N. Y.

THE ability of electronic computers to solve prodigious mathematical problems has



S. D. LEIDESDORF

been highly publicized. This, however, should not obscure the fact that essentially these machines are performing very simple operations — addition and subtraction — at incredible speeds. A company need not have complex problems to justify the installation of electronic data processing equipment. If a great mass of simple routine operations is to be performed, electronics may be the answer for more rapid, accurate service.

Some Questions and Answers

As a public accounting firm serving a variety of enterprises, we have necessarily studied the application of electronic data processing equipment to business needs and have sought to evaluate the potentials of this new tool of management. Faced with the need to make decisions on the use of electronic data processing equipment, various clients have come to us with many questions. The most frequently asked are:

1. *Is our business large enough to justify the use of electronic equipment?*
2. *If we decide to install such equipment, how will the savings compare with the cost?*
3. *What are the advantages of having electronic equipment? What are the disadvantages?*
4. *If we decide to investigate the use of electronic equipment, how do we go about this?*

In answering the first question we are usually guided by the same principles that have governed our decisions on punched card equipment installations. Generally speaking, large companies require and can afford large installations, while smaller companies have difficulty in justifying not

only a large scale but often even a small installation. Fortunately, in the past year there has been a definite trend toward development of modest-sized and modest-priced electronic equipment that more closely fits the needs of the medium and small companies.

Improved Operation Is Factor

To the question whether savings made possible by electronic equipment will outweigh cost of the equipment, the answer does not rest purely upon a consideration of management's current data processing practices. The final answer also depends upon an evaluation of improved operations that may be effected by provid-

It was once said by the Wisest of Men, "A good name is rather to be chosen than great riches." Credit is associated with names. You can't buy credit; it can only be earned. By earning good credit a good name automatically follows.

—Richard L. Spahr

ing management with better controls through new data that are accessible in sufficient detail and with sufficient promptness only through the magic of electronics.

Large volumes of routine clerical work can be easily and speedily handled by electronic equipment. Moreover, we have found that the areas of routine work have the highest employee turnover rates and that the resultant cost of regularly training new personnel is often quite substantial. Machines do not become bored and dissatisfied.

Electronics will surely bring a change in what management expects of reporting and accounting systems. Executives will be able to base decisions on data not used in the past because they were too costly to collect or too late to be of any value. For instance, by getting accurate up-to-the-minute sales analyses through electronic equipment, a company may have an important advantage over competitive companies that rely on

mechanical equipment to provide the basis for merchandising decisions. Contrariwise, a company still using mechanical equipment when the others have already switched to electronics would be at a disadvantage.

We have found that substantial savings can often be realized through use of current inventory reports, prepared by electronic equipment, to decrease the size of inventories. Besides resulting in a smaller capital investment in inventory, there is also a decrease in storage space requirements and reduced cost of borrowing of money to maintain inventory.

In the past, ordering and reordering of inventories was often a guessing game. Management could not obtain inventory data fast enough or with sufficient detail to permit decisions resulting in maximum profits. With electronic equipment, detailed inventory information can be obtained in hours and sometimes minutes instead of days or even weeks.

Some of the advantages of electronic data processing equipment have already been mentioned, such as reduction of clerical costs and better management controls. We must also point out the ability of the equipment to do work which so simulates human thinking as to give the appearance of exercising judgment and making decisions. This of course opens limitless horizons.

Cost and Training Problems

As to disadvantages, there is the relatively high purchase or rental cost of such equipment. In the past this has been a very serious deterring factor for medium and small organizations but, as stated previously, the electronics industry is working on this problem. It seems to be a question of only a short time before the cost of electronic data processing machinery is brought within range for all but perhaps the smallest companies.

There is the further problem of training personnel to handle electronic equipment. This is very important, and so far no short cuts have been found to reduce substantially the need for extensive training. It is doubtful that any such short cuts will be found excepting that as usage becomes more

general the area of trained personnel will automatically be broadened and will generally benefit all users.

If a company decides that an electronic installation is worth investigating, the first step is to assign one or more individuals to a full-time study of the company's activities and problems. Next, the study group must become familiar with what the various types of electronic equipment can do. After this, the company's existing office and accounting systems must be reviewed and decisions made as to what phases of the business can use electronic equipment to advantage. It is usually at this phase that management calls in an outside consultant to evaluate the proposals. If management decides to go ahead, representatives of companies manufacturing electronic equipment are contacted and orders placed.

Train in Simpler Jobs First

There must necessarily be a great deal of personnel training in going over to electronic equipment. It therefore seems best to apply electronic methods first to the simpler and more routine operations, such as general and cost accounting, sales analyses, market analyses, and payrolls.

It has been our observation that many companies which could use electronic equipment to great advantage have delayed taking action from fear that further research and development will lead to obsolescence. If this is a consideration it must be remembered that electronic machinery can be rented on a monthly basis, thus minimizing the risks involved in capital investment. Thus the fear of obsolescence should not be a major factor in evaluation of an electronic installation.

MILLER ON WAREHOUSING

(Concluded from page 17)

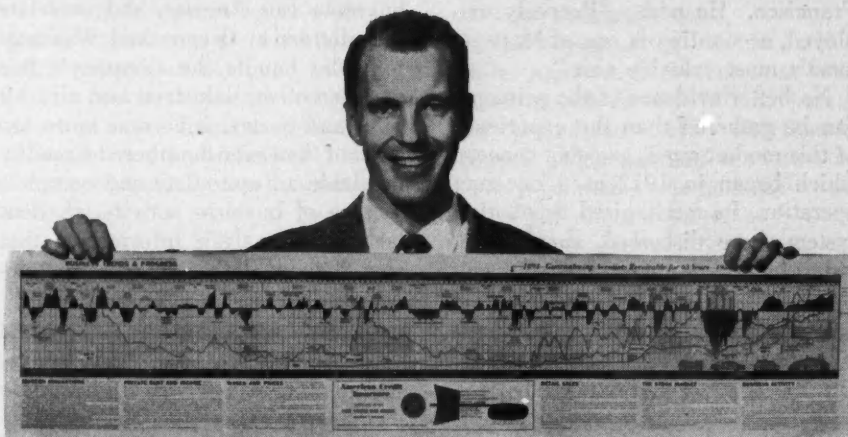
state without losing control over the goods is solved by "Secured Distribution". Having the goods in the same building with the distributor is a terrific sales incentive; he can make delivery then and there and before his customer can shop elsewhere and find a competitive product which he can take home at once.

You alone can determine whether "Secured Distribution" will do for your company what the field warehousemen have proved they can do for others. It will take a careful analysis which will repay you well.

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Mechanized Accounting System Gives Answer to Speed and Accuracy Need

PROPER accounting methods, like customers, are vital to a business' existence, "yet accounting is often apt to be regarded as necessary overhead and burdensome paper work," observes R. Sheldon Milligan, Jr., controller of the F. Somers Peterson Company, San Francisco. He adds: "Properly employed, accounting is one of Management's most valuable aids."

No better evidence of the principle can be gathered than the experience of this modest-sized, growing concern which began in 1912 as a one-man operation. Its mechanized accounting system, here discussed, should provide helpful suggestions to any

manufacturer, jobber, wholesaler or other business, large or small, with problems in accounts receivable or payable, or in sales analysis.

As the company expanded (the Peterson company today has a headquarters office and warehouse in San Francisco, branch offices and a warehouse in Los Angeles, and associate distributors in Oregon and Washington who handle the company's line of automotive, industrial and aircraft tools and parts), it became more important than ever that there be readily available an up-to-date and complete picture of business activity, particularly sales analysis information that would show daily and monthly ac-

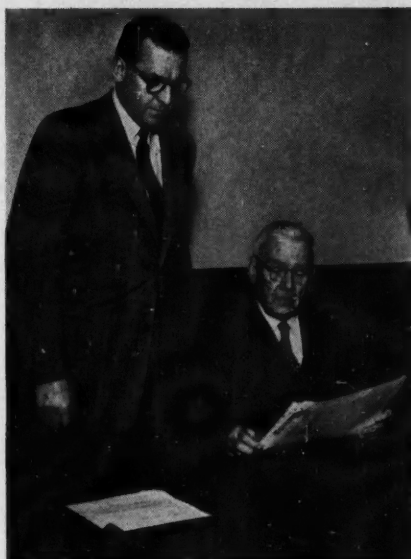
tivity by customer and by product. Manual methods simply weren't fast enough to prepare complete records and keep them current.

Accounting procedures that have developed out of the installation of a Burroughs Sensimatic accounting machine have given Management not only the complete sales analysis information needed, but have enabled the company to effect a rapid, accurate and low-cost system for handling accounts receivable, accounts payable and salesmen's performance records.

Bonus features are the simplicity and flexibility of the Sensimatic; all related records are prepared in the same operation, and the machine-

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NAME OF PRODUCT	SALES	COST	OVERHEAD	PROFIT																																																												

DETAILED records that show current business activities are prepared rapidly by automation for the F. Somers Peterson Company.



THEY DEVELOPED the modern accounting system that has brought recordkeeping up to date, at the same time providing a complete and accurate picture of the business: R. Sheldon Milligan, Jr., controller, and F. Somers Peterson, president, of the San Francisco concern.

printed records are accurate, neater than hand-posted records. Cost of the machine was offset by the completeness of the information Management now has.

"The sales analysis system which we developed," notes controller Milligan, "begins as invoices are submitted to customers. Whether we originate the invoice or the manufacturer sends it, a copy of the invoice is received by the operator of our Burroughs Sensimatic accounting machine, and this copy is used throughout the system.

"In one operation, the accounting machine operator posts the customer's ledger, statement, and the accounts receivable journal. By indexing the customer's previous balance into the machine and listing the amount of the charge, the new balance is computed and printed onto all records. Dates are printed automatically, and the invoice number is listed for reference. Upon completion of posting, totals of old balances, charges, and new balances are printed automatically on the journal.

"As payments are received, they are posted to a bank deposit and receipts journal, showing the date, the check number, the amount, the name of the customer, the amount of discount, the amount to be credited to the customer's accounts receivable records, and the amount to be deposited. During this operation, the machine automatically prepares the bank deposit slip and furnishes the total amount to be deposited. Totals

of payments, discounts and deposits are printed on the journal. Accuracy of each posting is shown by a "00" printed on the proof column of the journal. Should an error have been made, the machine locks until it is corrected.

"Payments are now ready for deposit, and from the journal accounts receivable entries the customers' ledgers and statements are credited. By picking up the customer's previous balance and listing the amount of the payment, the new balance is printed automatically. The total credits on the accounts receivable ledger are checked to agree with the total payments on the bank deposit and receipts journal.

"The entire accounts receivable operation is so simple and fast that we at all times know the exact status of every account," notes the company controller.

Sales Analysis

"Using the copy of the invoice, the Sensimatic operator also prepares invoice audit journals. These journals are kept by product and contain 15 columns that provide a complete breakdown of costs of sales including

the gross, the insurance, transportation, sales tax, merchandise cost, net cost, labor and overhead costs, the total cost and the profit. Totals again are printed automatically.

"This operation in effect provides us with a complete sales record by products, and the totals are of additional value for preparing the financial statement.

"Invoice audit journals also are used in preparing salesmen's performance reports. These reports show the name of the product, the amount of sales, the cost, overhead, and amount of profit. Performance reports are the basis for figuring salesmen's commissions.

"The copies of the invoices, meanwhile, are sorted according to customer and at the end of the month are posted to sales distribution ledgers which become a record or history of each customer's sales activity with the company.

"On one side of the ledger, the amount of each sale to the customer is listed by product. At the end of the listing, the machine-provided monthly total for each product is entered on the reverse side of the ledger, where the gross sales total

(Concluded on page 31)

THIS COUPON TELLS HOW DEALERS AND DISTRIBUTORS CAN ACQUIRE ADDITIONAL STOCK AND WORK- ING CAPITAL WITHOUT IMPAIRING CREDIT.

If credit limitations are keeping distributors and dealers from carrying adequate stocks at peak seasons, let us show you the Field Warehousing plan now used by many leading manufacturers. It permits you to retain legal title to the merchandise, doubles the distributor's credit without additional risk to your company, acts as a collection control and supplies accurate 30-day inventory records.

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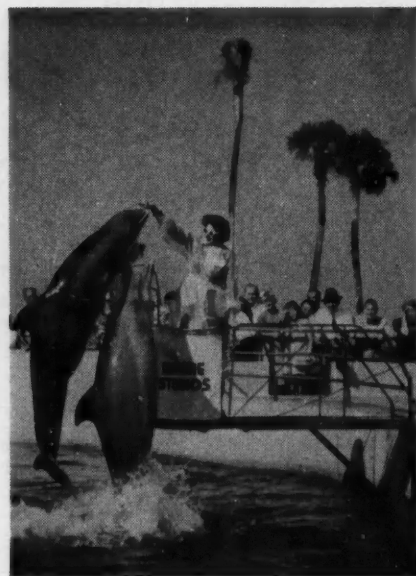
ADDRESS.....

CITY.....STATE.....

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complete information.



ABOVE: Illinois Regional gathering brings together (l to r) speakers W. M. Edens, Continental Illinois Bank & Trust Co.; Henry H. Heimann, N.A.C.M. executive vice president; Beryl Sprinkel, Harris Trust & Savings Bank; L. T. Hadley, Goodman Mfg. Co., Chicago association president . . . **RIGHT:** First Lady Mrs. Paul J. Viall qualifies as Jumpmaster at Marineland, Fla. Mr. Viall is the N.A.C.M.'s president.



CREDIT WOMEN and guest speakers at Midwest Conference in Pittsburgh. (l to r) Miss Antoinette Rehrauer, Peerless Confection Co., Chicago, chairman national credit women's executive committee; N.A.C.M. vice president central division, Irwin Stumborg; Eleanor D. Cooper, Jessop Steel Co., Washington, Pa., chairman; Dr. Dora Capurell, Psychological Service of Pittsburgh.



CIVIC-MINDED, BOTH. At the Pacific Southwest Credit Conference held in San Francisco: (l to r) Walter Hempy, San Francisco Board of Trade, and Mortimer J. Davis, executive vice president of the New York Credit and Financial Management Association. The Conference theme, "The Fabulous Future," brought forth a wide range of discussion.



LEADERS ALL. (l to r) R. L. Allen, D. Ghirardelli Co.; J. C. Wiesner, California Packing Corp., F. U. Naylor, Pacific Gas & Electric Co. Mr. Wiesner is vice president of the Credit Managers Association of Northern and Central California, the others are past presidents. All had important roles in the Credit Congress at San Francisco in 1954.



ABOVE: Merry-Go-Rounding at Toledo: (l to r) Professor Lewis Manhart, Bowling Green State "U"; Paul Lewis, Ohio Citizens Trust Co.; William Fox, Heating Trades Supplies Co., moderator; Rudy Mathes, Owens-Corning Fiberglas Corp.; John Vocke, Collins-Norton Co.

LEFT: Between N.A.C.M. board sessions at Palm Beach. (l to r) Vice President E. B. Moran and directors P. H. Davenport, Southern Equipment & Supply Co., San Diego; C. M. Fredrickson, Kormeyer Co., Lincoln, Neb.; L. H. Koogle, Triangle Electric Supply Corp., El Paso; H. C. Pfost, Simmons Co., Elizabeth, N. J.



GOLDEN ANNIVERSARY of Syracuse association. Among speakers: (l to r) Mrs. Melanie Kreuzer, president, common council; The Most Reverend W. A. Foery, Bishop of Syracuse; F. L. Van Epps, Gould Pumps, Inc., association president; R. F. Coonley, Lennox Furnace Co., chairman; N. D. Bartel, secretary; F. Kreuzer, Muench-Kreuzer Candle Co., past president.



BASIC CREDIT FORUM, Cleveland. Among speakers: (seated, l to r) Mrs. Lucy Killmer, The Guarantee Specialty Mfg. Co.; J. A. Swaney, Harris-Seybold Co., assn. pres.; (standing) A. M. Marks, atty.; D. H. Hotchkiss, Petrequin Paper Co.; W. E. Anton, Master Builders Co.; H. C. Cogan, Parker Appliance Co.; R. H. Coleman, secty., R. A. Reid, National City Bank.



AMONG TRI-STATE CONFEREES at Wichita. (seated, l to r) P. H. Wood, First National Bank, Wichita; A. F. Gerecke, Pulitzer Publishing Co., St. Louis; E. R. Donald, The Blanton Co., St. Louis. Standing: V. R. Demarest, American Electric Supply Corp., St. Joseph; G. R. Morgan, Sheffield Div., Armco Steel; D. Cunningham, General Electric Supply, Kansas City.

ON THE Personal Side

A. EDWARD SOUTHGATE has been named vice president, production control, Philadelphia & Reading Corporation, Philadelphia (formerly The Philadelphia & Reading Coal & Iron Co.). He joined the company in 1929 as credit manager and advanced in 1941 to treasurer and general credit manager. WILLIAM E. GABBOTT, formerly assistant credit manager, has been promoted to credit manager of the corporation.

Mr. Southgate is in his second term as vice president for the eastern division, National Association of Credit Men. From 1914 to 1929 he was credit manager of Utah Oil Refining Company (subsidiary of Standard Oil Co. of Indiana), at Salt Lake City. He headed the Inter-Mountain Association of Credit Men, Salt Lake City, 1929-30, and from 1944-45 was president of The Credit Men's Association of Eastern Pennsylvania. He has served as president of The Fuel Credit Bureau, Philadelphia; was first president and one of the incorporators of the National Fuel Credit Association, Chicago.

Mr. Gabbott, a native of Salt Lake City and Navy veteran of World War I, was with Utah Oil Refining Company for 10 years before going with Philadelphia & Reading in 1930 as assistant credit manager. He is a former director of The Credit Men's Association of Eastern Pennsylvania and past president of the Plus One Club there.

WILLIAM T. HICKEY has retired from The Travelers Insurance Companies, Hartford, Conn., after 30 years with the organization, and ROBERT CURTIS has been named to succeed him as manager of fire and marine lines. Mr. Hickey joined Travelers in 1925 as manager of the Hartford office, following 17 years' prior experience in fire insurance. He has been active in the N.A.C.M. in-

surance advisory council and committee.

Mr. Curtis goes to Hartford from management of the Buffalo office. In 1928 he began with Travelers, New York City, in branch office administration, becoming a field supervisor in 1939. On return from three years' active duty with the Navy in 1945, he advanced to assistant manager, then manager at Buffalo. He has been coordinator of insurance curricula at Pace College, New York City.

LEO L. DAUGHERTY has been promoted to assistant treasurer of the Crane Company from general credit manager. He is located in the Chicago general offices. Association with Crane began for Mr. Daugherty 32 years ago in Wichita. He advanced to credit manager in 1936, serving in Kansas City, Mo., and St. Louis, before promotion to regional office manager at Dallas in 1953 and to general credit manager early in 1955.

EVERETT BOWDEN has become treasurer of Forbes Lithograph Manufacturing Company, Boston. He succeeds Arthur R. Hitchings, who resigned as chairman of the board and treasurer. Mr. Bowden went with Forbes in 1934, becoming controller, then secretary in 1935, and additionally assistant treasurer in 1949. He is chairman of the cost, accounting and financial management committee of the Lithographers National Association, and a corporator of Chelsea Savings Bank.

Harold F. Drury, manager of the estimating and administration department, has been additionally named assistant treasurer.

GEORGE E. GEISINGER of Pittsburgh has become resident representative for Factors Corporation of America for a tri-state area including Pennsylvania, Ohio and West Virginia.



A. E. SOUTHGATE



ROBERT CURTIS



EVERETT BOWDEN



L. L. DAUGHERTY

Mr. Geisinger is a charter member and a director of the Credit Managers Association of Erie and for the last 25 years had been with Dun & Bradstreet, Inc., as manager of the Erie, Pa. office and more recently as special representative in Pittsburgh.

KARL G. SEELAUS, treasurer of Factors Corporation of America, has been elected a director of the company. Mr. Seelaus, a certified public accountant, has been treasurer of FCA for several years.

RALPH J. WAHOSKI has joined Jasper Corporation, Jasper, Ind., as assistant to the president. He previously was vice president of Old National Bank, Evansville. He is immediate past president of the Evansville Association of Credit Men and a past president of Robert Morris Associates, Ohio Valley Chapter. Mr. Wahoski was associated with the RFC Agency in 1932. Following Army overseas service he joined Old National Bank as assistant vice president, charged with organization of a credit department and administration of commercial loans.

WILLIAM OLSON has been advanced from district credit manager to division credit manager, Kaiser Aluminum Company, Cleveland. Mr. Olson recently became a member of the Ohio bar.

GEORGE J. HEIDEMAN, C.P.A., has been named treasurer, Kennametal Inc., Latrobe, Pa. Previously Mr. Heideman was with Arthur An-

dersen & Company for 19 years, most recently as manager of administrative services in the Cleveland office.

At the same time the appointment of Charles R. Van Norden as secretary of the company was announced. Mr. Van Norden has been with Kenametal since 1950 as tax manager and since 1953 assistant secretary.

DARIUS R. BARBER has been appointed controller, Brush Electronics Company, Cleveland, a principal unit of Clevite Corporation. He previously had been assistant to the president and administrative manager of the engineering division of Vulcan Copper & Supply Company.

O. H. HENDRIKSEN has become general credit manager of Russell-Miller Milling Company, Minneapolis. He formerly was with Fairbanks Morse Company, first in the Chicago office, then in St. Paul. In his new post he succeeds E. S. Decker, vice-president-credits, who continues as secretary and assistant treasurer.

URBAN T. THOMPSON has been named executive vice president and director of Security Electronics Corporation and its operating division, Security Check Register, New York. In addition he will continue to function as financial consultant and as a member of the boards of U.S. Hoffman Machinery Credit Corporation, Mohr Associates and Pfahler Manufacturing Co. Mr. Thompson has been in field warehousing operations since 1932. He was co-founder of the American Express Field Warehousing

Corporation in 1944, and was its senior vice president. In the N.A.C.M. Graduate School of Credit and Financial Management he was president of the first-year class.

JOHN B. HOLLAR has joined Covington Fabrics Corporation, New York City, as controller and credit manager. Previously he had been with Atkinson Wade & Company since 1927, beginning as junior salesman and becoming office manager, then credit manager. He has attended the National Institute of Credit.

DON R. WYARD has been named vice president of Billings State Bank, in Montana. Since 1951 he had been with Northwest Bancorporation as examiner and before that with Gamble Skogmo, Inc., as credit supervisor, and with Midland National Bank of Minneapolis. He holds the graduate certificate of the American Institute of Banking.

ANTON F. KROSS has been appointed office manager, Seiberling Rubber Company, Chicago district sales office. Prior associations were as credit and office manager of Louis Zahn wholesale drug company, Chicago, and as office manager and assistant to the treasurer, Pullman-Standard Car Manufacturing Company.

RICHARD E. DAMM has been appointed credit manager of L.O.F. Glass Fibers Company, Toledo. For the last nine years he had been credit manager of Kasco Mills division of Corn Products Sales Company, and before that he had been with the sales order department of Libbey-Owens-Ford Glass Company. Mr. Damm is a graduate of the University of Toledo, with a degree in business administration. He is a former director of The Toledo Association of Credit Men and a member of the Zebras organization.

GEORGE P. GRASS who has advanced to treasurer of American Name Plate & Manufacturing Company, Chicago, had joined the company in 1943 as credit and office manager and was made assistant treasurer in 1950. Previously he had been with Bigelow-Sanford Carpet Company, Chicago, and before that with Carson Pirie Scott & Company, wholesale floor covering division. He is chairman of the Industrial Supplies and Machinery Credit Group



D. R. WYARD



A. F. KROSS



R. E. DAMM



W. B. THOMPSON

for 1955 of the Chicago Association of Credit Men's Service Corporation.

W. B. THOMPSON has advanced to assistant secretary and credit manager of Binney & Smith, Inc., New York City. He began with the organization in 1934 as third man in the credit department, and five years later became assistant credit manager, in charge of both domestic and foreign credits and collections. Prior associations were with Gold Seal Electrical Company and Brune Pottberg Company.

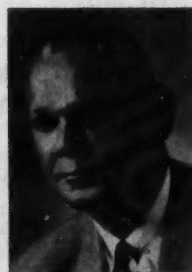
WILLIAM E. VOLLMER has been elected a vice president of the Liberty Real Estate Bank & Trust Company, Philadelphia. He returns to the banking field after 11 years as treasurer of SKF Industries. Before that he had been with the Philadelphia National Bank for 24 years. He is a past president of the Credit Men's Association of Eastern Pennsylvania and in 1954 he was recipient of the Achievement Award of National Junior Achievement, Inc.

A. IMSANDE has been promoted to assistant treasurer of the *Cincinnati Enquirer*.

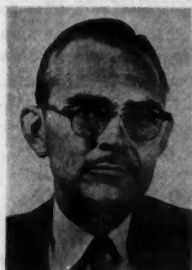
PAUL S. NEVIN has been appointed general manager and treasurer of Visirecord, Inc., New York City. Prior to joining Visirecord in 1952, Mr. Nevin had served as director of the Joint Export Import Agency in Bavaria, director of the economics division for the same area, and as director of the ECA "dollar drive" organization in Western Germany.



D. R. BARBER



U. T. THOMPSON



J. B. HOLLAR



O. H. HENDRIKSEN

Guides to Improved Executive Operation

KEEPING INFORMED

CREDIT UNION YEARBOOK 1955 is a handy compendium of information about the Credit Union National Association. Among the 40 subjects treated are the history and methods of operation, growth and present status, statistics of number, membership and assets of credit unions in each state, directory of credit union leagues in the western hemisphere, names and addresses of CUNA directors, and description of CUNA services. For information, write Credit Union National Assn., Madison, Wis.

PUBLICITY GUIDEBOOK—A 32-page pamphlet telling how a publicity man for an organization should prepare his news stories, what type of photographs to use, and how to work with the press. Available from Radioear Corporation, 306 Beverly Road, Pittsburgh 16, Pa. Free.

HOW TO STAY OUT OF COURT AND SAVE MONEY is a leaflet which briefly but explicitly sets forth, in question-and-answer form, ways in which you may be vulnerable to lawsuits as a property owner, as the owner of dogs or horses, bicycles, boats, etc., when engaging in sports activities, or as an employer of domestic help. Listed are types of comprehensive personal liability coverage. For your copy, write Employers Mutual Companies, Wausau, Wis.

FEDERAL TAX ISSUES IN 1955—A 20-page booklet discussing the present law and revisions and reductions likely to occur this year. Write to the Committee for Economic Development, 444 Madison Ave., New York 22, N. Y. Single copy free.

HOW TO BOWL—A free manual, telling how the experts play the game, may be useful to the many bowlers of credit association teams. Write Brunswick-Balke-Collender Co., 109 Fifth Ave., New York 3, N. Y. Free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

483—"How to Make the Most of Your Anniversary," by Dennison Manufacturing Co., tells how to plan and promote company birthdays to customers, employees, the public and stockholders. Besides a list of the objectives in planning promotion, the literature tells what has been done by other companies and explains slogans, publicity, catalogs and correspondence. For your copy, please write us.

484—Available from Commercial Controls Corporation is descriptive literature, along with cost-cutting information, about the various type styles available with the Justewriter, the composing machine which sets justified copy automatically by means of punched paper tape. The Justewriter can be equipped with any one of eleven type faces, in 8 to 14 point sizes, and is specially valuable for setting copy for reproduction on office duplicators or offset machines. We shall be glad to obtain the literature for you.

485—"Proven Formulas for Low Cost Business Films" is the theme of a 15-page brochure issued by Telefilm Studios, Inc., to demonstrate to executives outside the motion picture industry how they can have a business film made at a fraction of normal production costs. Written in non-technical terms, the booklet contains a compilation of useful and informative production and distribution data on public relations and advertising motion pictures. Free, write us.

486—"A Guide to Postmark Advertising, a feature of metered mail," Pitney Bowes' 12-page illustrated booklet, contains pictures of the "ten best" postmark ads and dozens of other examples, with suggested ways to plan and execute such a program.

BOOK REVIEWS

CREDIT MANAGEMENT YEAR BOOK 1955-56—Volume 22. 308 pages. Published annually by Credit Management Division, National Retail Dry Goods Association, 100 West 31st St., New York 1, N. Y.

• A. Leonidas Trotta, manager and research director of the Division, has supervised the compilation of innumerable cues for successful retail business operation, including material from articles on sales promotion, credit management expense control, research and operating statistics, new credit techniques, collections, installment credit, smaller stores' credit problems and solutions, executive development, credit bureau service, and authorization—identification procedures, and costs.

THE BIG BUSINESS EXECUTIVE—By Dr. Mabel Newcomer. \$4.00. Columbia University Press, 2960 Broadway, New York 27, N. Y.

• Economists have long been preoccupied with the problems presented by the growth of the big business corporation. Now, when the responsibility to the public in big business is growing and politicians are increasingly being drawn from big business, this stimulating inquiry into the family background, education, political and religious affiliations and qualifications of our top executives is most enlightening. An unusual and interesting study and report.

OTHER BOOKS REVIEWED AND RECOMMENDED

FOREIGN INVESTMENT AND TAXATION—By E. R. Barlow and Ira T. Wender. \$15. Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. This book is a result of research by the Harvard Law School, to discover the extent of application of existing tax rules in capital-exporting and capital-importing countries. It seeks to determine if positive tax incentives can play an effective part in promoting foreign investment.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

THE DISCUSSANTS See Pages 8-11

FRANCIS S. CORNELL, since 1953 vice president and general manager of A. O. Smith Corp., Milwaukee, joined the company in 1945 after a career as an investment banker. He successively became assistant manager and manager of the Kankakee (Ill.) Works, then group executive of the Kankakee plant (Permaglas division), Toledo heating division and electric motor division (Tipp City, Ohio). In 1953 he was recalled to Milwaukee as executive assistant to President L. B. Smith.

KIRK FISHER, credit manager, Argus Cameras, Inc., Ann Arbor, Mich., holds the Executive Award of the Dartmouth N.A.C.M. Graduate School of Credit and Financial Management (1953) and is chairman of the Photographic Manufacturers and Distributors Credit Group.

HOWARD F. LEOPOLD, president of Ero Manufacturing Co., Chicago, began making sidecars for motorcycles while he was attending high school. He kept pace with auto developments, first with tops and luggage straps, then seat covers and other accessories (Ero now has \$10 millions annual sales volume).

RALPH H. MULLANE, assistant vice president of Liberty Mutual Insurance Co., Boston, following a period as general credit manager, has been with the company 31 years. He is chairman of the N.A.C.M. insurance advisory council and committee, past president of the Boston Credit Men's Association, active in the Institute of Credit, a graduate of Brown University and past president of the Brown Club of Boston.

RAYMOND RODGERS, professor of banking, New York University's graduate school of business administration and school of com-

merce, accounts and finance, is also known to credit executives nationwide as a member of the faculty of the N.A.C.M. Graduate Schools of Credit and Financial Management. Professor Rodgers is consultant economist of the State Street Trust Co., Boston, and co-editor and co-author of "Money and Banking" and "Consumer Credit and Its Uses."

(MRS.) BEATH ROBINSON, treasurer of Williams & Voris Lumber Co., Chattanooga, in her extended business career is also immediate past chairman of the national credit women's executive committee.

CARL J. SHARP, chairman of Acme Steel Corp., Chicago, began as a real estate salesman, became vice president in charge of sales of Tempco Manufacturing Co., then sales manager of Cornell Wood Products Co. In 1927 he was elected president of Acme Steel, advancing to chairman in 1953. Among his public interests has been the presidency of the Illinois State Chamber of Commerce.

K. CALVIN SOMMER, assistant treasurer and credit manager of The Youngstown Sheet and Tube Co., Youngstown, Ohio, was credit manager and loan officer of Guardian Trust Co., Cleveland, before going to Youngstown. Past vice president and director of N.A.C.M., and past president of the Youngstown Association of Credit Men, Mr. Sommer has been a director of the Credit Research Foundation, Inc. He is a graduate of Ohio State University and a member of the Ohio Bar.

AUGUST F. STONE, president of American Credit Indemnity Company of New York, was born in St. Louis, graduated from St. Louis University law school and is a member of the Missouri Bar. Starting in 1910 as an office boy of American Credit Indemnity Co. he served in practically all departments before becoming secretary in 1938. He advanced to vice president in 1946 and assumed the presidency in 1951.

"ELABORATE HANDBOOK ON HOW CHAPTER XI WORKS"—N. Y. TIMES

BANKERS, ACCOUNTANTS, CREDIT EXECUTIVES, TREASURERS—these are the executives for whom this "elaborate handbook on how Chapter XI works" was prepared. Search from cover to cover, you won't find a single "whereas" or even a "party of the first part." Just 55 pages of down-to-cases, factual information, written in clear, concise businessman's language, explaining your rights—and responsibilities—as a Chapter XI creditor (or, heaven forbid, a debtor).

For your copy of this treasure house of profitable information, write us at the address below, enclosing your check which should be made payable to NEW YORK CREDIT GROUP SERVICE, INC. Send \$2 for each copy you want (\$2.06 in New York City area to cover local Sales Tax).

Department C.

NEW YORK CREDIT & FINANCIAL MANAGEMENT ASS'N

71 West 23rd Street, New York 10, New York

what the
Business Executive
should know
about
CHAPTER XI
of the
National Bankruptcy Act

published by
New York Credit & Financial Management Association

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

Desk for Records Security



B-235 For personnel who regularly work with irreplaceable records as well as for general office use, the new SHAW-WALKER cashier's desk combines the time- and space-economies of the "Work-Organizer" desk with certified point-of-use fire protection and security for records. The left pedestal is a two-drawer Fire-File bearing S.M.N.A., Shaw-Walker Certified Protection and Underwriter's labels. Comes equipped with signal plunger key lock or combination lock. The roll-edge linoleum top gives comfortable working surface. This fire-proof desk is also suitable for professional office and home use. Ask us for literature.

Machine with Memory



B-236 The new extra capacity 10-key model adding machine of R. C. ALLEN BUSINESS MACHINES, INC., features the exclusive Recall Key which gives the machine a "memory." With the Recall Key the amount from the last previous machine operation can be restored as many times as

desired; added, subtracted, or non-added. Amounts incorrectly listed can easily be removed. Totals can be reversed (debit totals to credit and vice versa), particularly useful in tax and other accounting work. Another feature is "automatic step-over multiplication," useful in computing simple percentages, such as sales taxes, without re-indexing amounts in the keyboard. Nine- and eleven-column totaling capacity electric models; nine-column totaling capacity hand model. We'll be glad to send details.

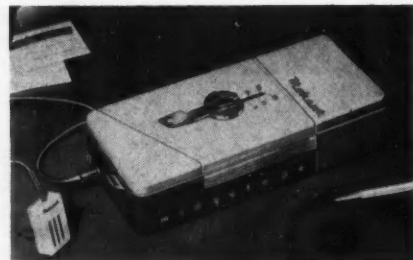
Dial Speeds Copymaking



B-237 The Apeco Dial-A-Matic Auto-Stat photocopy unit of the AMERICAN PHOTOCOPY EQUIPMENT Co., speeds up the making of copies and takes away guesswork with its exclusive illuminated dial. Setting the dial, to match the type of original to be copied, automatically produces a sharp, dry copy of anything written, printed, drawn or photographed, in 30 seconds. Only 24" long x 9" deep and 5" wide, the machine will take paper up to 15" maximum width. There is no limitation on the length of the paper that can be handled. Self-adjusting rollers take any weight paper, from tissue to heavy card stock, without manual adjustment.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

Pocket-Size Tape Recorder



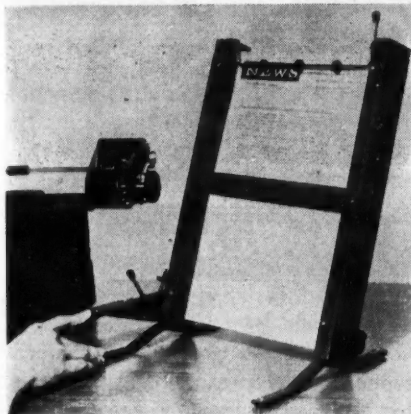
B-238 The Midgetape pocket tape recorder is a valuable tool for the businessman on the road, at conferences and for work at home. It will record anywhere, in car, plane or train, and the small recording cartridge is mailable. Only 8½" long x 3⅞" wide and 1⅞" deep, weighing 3¼ lbs., the Midgetape is battery operated and records for one hour on dual track tape. The cartridge loading feature is unique. Wristwatch microphones and two-way telephone recording adapters are among the equipment available for use with the recorder. Manufacturer is Mohawk Business Machines Corporation. Write us for details.

Metallic-Back Carbon Paper



B-239 Designed especially to overcome the copy-streaking problems created by the increased use of standard and electric typewriters with high feed-roll tension, FLAGSHIP metallic-back carbon paper eliminates feed-roll streaks and turns out copies of clear, strong color, easy erasability, and cleanliness. The metallic carbon paper is made by Allied Carbon & Ribbon Manufacturing Corporation.

Automatic Copyholder



B-240 Accurately adjustable for any spacing from zero to one-half inch, the SPEED-SPACER copyholder helps eliminate errors and increase speed. The device may be applied to any typewriter spacing, steno book spacing, and all lined pages, and will take pages up to 9"x12". It does not require attachment to any other piece of office equipment, says the manufacturer, Speed-Spacer Co. Construction is of heavy-gauge steel, with gray crackle finish.

New Fire-Resistive Desk



B-241 The DIEBOLD INC., new fire-resistive desk, which carries the Underwriters' Laboratories' Class "C" Safe Label (including impact) has been functionally designed to handle and protect all vital bank records used with the Diebold Post-to-Check systems. The unit is equipped with 15 lightweight aluminum Flex-Blok trays that are easy to handle and carry when fully loaded. A constant 60 deg. filing "V" assures maximum efficiency for filing, referring, proving and posting. The trays house clear acetate account pockets in which all records (ledger and signature cards, checks, deposit slips and debit tickets) are filed. Trays and

pockets are designed to assure positive side-by-side signature verification for each transaction. The unit takes a minimum of space, and no extra space is required for swinging the door or housing it in open position. It also has many other bank applications, such as relieving crowded vaults by transferring current check filing to a fire-resistive desk in the bookkeeping department. Write us for descriptive literature.

Dry, Neat Type Cleaner

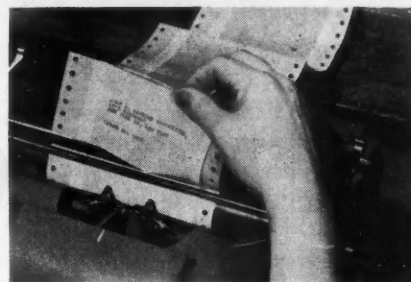


B-242 A new kind of type cleaner, KLEEN-TYPE, does away with harsh liquids and messy ink-stains on fingers. The Kleen-Type adhesive strip is placed on the typewriter cylinder. On contact with the typewriter keys, it actually cleans by the normal type-writing process. It is economical to use. Introduced by Konkord Inc. of New York, Kleen-Type is distributed by Underwood Corporation. Write us for particulars.



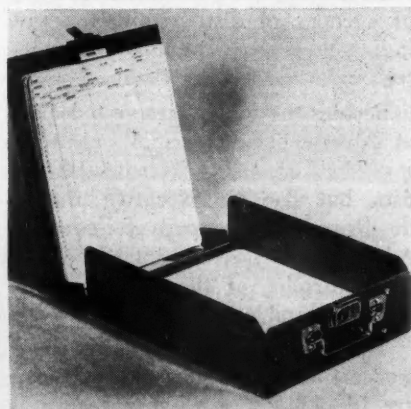
BANK BEAUTY is only bullet-deep. This drive-in "picture window," newest Mosler Safe Co. design for modern bank architecture, should eliminate the parking problem and reduce congestion in the bank lobby, as well as save the motorist's time.

Shipment-Addressing



B-243 For increased efficiency in addressing shipments, Weber Label & Marking Systems, a division of Weber Addressing Machine Co., offers the WEBER CONTINU-MATIC marginal punched stencil. Made in continuous form on a standard marginal punched carrier sheet, the stencils have a printing capacity of 3 1/4" wide x 2" deep, and may be easily prepared on automatic tabulating equipment or on electric or manual typewriters. They are perforated every 3" for convenient separation, to be used with Weber devices for addressing preprinted tags and labels or for addressing direct to shipping containers. Write us for illustrated folder.

Protects Payroll Records



B-244 A portable payroll storage box, offered by POSTING EQUIPMENT CORPORATION, is compact and lightweight but also sturdily constructed to protect records from frequent and rough handling. The payroll box is available in two standard sizes, but can be had in other sizes to customer specifications. Standard boxes will accommodate sheet sizes up to 9" x 11" and 12" x 12". Units are finished in gray with smooth, rounded corners and seams to prevent snagging of clothing and marring of desks.

in commerce

Trends

in industry

in finance

The Why of Mergers

CYCLOPS would have to be multi-headed indeed to focus on one subject as many eyes as Government has turned on the one subject of mergers in business. Even then he'd need bifocals for each, because besides the economic significance there's the little matter of a Presidential election ahead, and there's tinder for political fireworks in that word merger.

One reason for the merger trend not cited frequently in the public prints is profit-per-sales-dollar in a period of whetted competition, and high distribution costs. Then there are the factors of desired diversification as "insurance" against any economic letdown, and the need of additional capacity. The Federal Trade Commission also sees motivation in the advantages of more sources of supply or avenues of distribution, tax saving, and a place to deposit surplus cash.

Besides the F.T.C., interested arms of Government include not only Congress and especially its anti-monopolists, but also the executive branch, the President's Council of Economic Advisers, the Department of Justice, the controller of the currency, and other Federal agencies.

That the number of business mergers in 1955, when all the returns are in, will set a 25-year record is the estimate of Government analysts. In manufacturing and mining alone, say F.T.C. economists, "acquisitions and mergers" likely exceeded 500. This would be a third more than in 1954, and the largest since 1930, which produced 799. The daddy of them all, however, was 1929, with 1,245 mergers.

Banking has shown a parallel movement, with between 240 and 250 acquisitions and mergers estimated, most since 1931. In that area the controller of the currency, Ray M. Gidney, has made known that he

barred several bank mergers in New York State.

Restrictive legislation may be expected to go into the hopper of the Congressional session. Staffs of the President's Council are studying the developments, as are experts in the Federal Trade Commission, which under a 1950 law has the authority to act against mergers it considers tending to establish monopoly.

Freer Currency Exchange

RAPIDLY being achieved, says E. M. Bernstein, economist of the International Monetary Fund, are conditions for freer exchange of foreign currency into dollars.

Before a subcommittee of the joint Congressional Committee on the Economic Report, Mr. Bernstein and A. K. Cairncross, director of the economic institute of the International Bank for Reconstruction and Development, agreed that *de facto* convertibility of sterling is now virtually here, but crossed oral swords on what would happen when and if *de jure* convertibility arrives. At the same session Prof. O. Glenn Saxon of Yale University re-spoke his oft-repeated appeal for immediate freeing of currencies by all countries and return to the gold standard.

Economist Bernstein declared the "postwar policies of the 1920s were so far inferior to those of the 1940s that they are not even comparable." Economist Cairncross suggested that "a new pattern of trade is coming into existence in which the multi-lateral element is less prominent than 50 years ago, but the scope for continuing expansion is more firmly in hand."

New Reserve Index

NATIONAL ACCOUNTING SYSTEM is the name the Federal Reserve Board gives to a new structure for economic analysis which it has developed to bring financial and non-financial

activities under a common microscope. Every transaction carried out by the use of money or credit, a trillion dollar overall item, would be measured under the new system, which will supplement existing methods of gauging economic activity.

The National Accounting System measures flows of funds and pioneers in making possible a tracing of the influence of movements of money and credit from one economic sector to another. Ten sectors, or major groups, are: consumers, corporate business, non-farm non-corporate business, farm business, Federal Government, state and local governments, banking, insurance, other institutional investors and the rest of the world.

In each sector the System records its purchases of commodities and services, its sales of commodities and services, its credit inflows and outflows, capital inflows and outflows, and changes in its monetary balances.

Of prime importance under the new System is the fact that it exposes the financial relationships between the major economic groups.

"Squeeze" Exaggerated

HOUSING STARTS will be at an annual rate (seasonally adjusted) of not less than 1,200,000, in the coming months, says Albert M. Cole, home housing and finance agency administrator, calling the so-called "squeeze" in mortgage money an exaggerated notion.

Furthermore, the official predicts, the recently adopted restraints on housing and other areas will be relaxed if that step seems indicated in order to hold to the goal. He doubts that will be necessary, predicts a sufficient flow of savings to finance next year's target level of home construction.

Ernest A. Rovelstad

for the month also is furnished by the accounting machine.

"Quarterly the customer's activity is listed on this reverse side of the ledger. By further listing the quarterly activity of the previous year, the machine prints the difference. A decrease in activity is printed in red.

"Through these methods of sales analysis, we have complete information on customer activity according to product by each sale, by the month, and by quarterly comparison. We know the exact cost of each sale and the profit, and the performance of each sales representative is on record."

Accounts Payable

Mechanized accounting methods have been found advantageous in accounts payable work. "When products are purchased from manufacturers, the operator of the Sensimatic uses the invoice received to list the date, the invoice number, and the amount in an accounts payable column. In the appropriate manufacturer's column, the transportation and merchandise charge are listed, then the account number and amount are listed in columns for debiting the general ledger.

"Checks for payments of purchases are typewritten. Although they could be written on the machine, we use the equipment for posting the date, check number, amount, description, and discount to a voucher register. The total payment due is provided



SALES ANALYSIS, accounts receivable, accounts payable and salesmen's performance records are prepared with the Burroughs Sensimatic accounting machine by Miss Nettie Sullivan of the F. Somers Peterson Company.

automatically. A distribution of transportation and of expenses in the head office and in the Los Angeles branch also is made on this register, along with the general ledger account number and amount to be credited. Totals again are computed automatically.

"In fact, with our equipment we can secure as many as 18 different totals for each accounting job. This feature gave us very desirable flexibility when setting up our procedures."

Sales tax reports for the city and for the state also are prepared on the accounting machine, with the operator again using invoices as media.

Still wider applications of the Burroughs Sensimatic accounting machine suggest themselves to Mr. Milligan. "We can, if we so desire, prepare the payroll on the machine, with the employee's check, statement of earnings, earnings record and the payroll journal done in one operation. We have not as yet gone into the design of the forms or a study of the procedures required."

N. Y. Unit, 60 Years Old, Honors Charter Members, C. Francis

The chairman of the Citizens' Committee for The Hoover Reports, and 19 presidents of business concerns which were charter members of the association, were recipients of honors at the sixtieth anniversary banquet of the New York Credit & Financial Management Association.

Clarence Francis, chairman of the Hoover Citizens' Committee and former chairman of General Foods Corporation, received a bronze plaque for "distinguished contributions to the advancement of American business through sound credit principles." William R. Dunn, president of the New York association and general credit manager of General Foods Corporation, made the presentation.

Speaking before the banquet audience, Mr. Francis urged his listeners to press for favorable action on the recommendations contained in the Hoover reports because positive action must be taken to find "some permanent, long-range answer to the problem of reducing the outrageous 'span of authority' which every president faces. Theoretically, the President has direct responsibility for the supervision of 64 huge agencies, some much bigger than General Motors," Mr. Francis said. "Theoretically the president would have to spend a

working week of 64 hours on this phase of his task alone if he gave every agency one hour of his time each week."

Mortimer J. Davis, executive vice president of the New York association, presented commemorative plaques to 19 top executive representatives of firms which have held continuous membership in the association since its organization in 1895.

Joseph L. Wood, assistant treasurer, Johns-Manville Corporation, chairman of the association's public meetings committee, was toastmaster. Guests of honor included: David E. Golieb, past president of the New York association, co-chairman, board of trustees, New York Institute of Credit; William Pouch, president, Concrete Steel Co., past president of the association; William Fraser, past president of both the National and New York associations; and J. Wilson Newman, president, Dun & Bradstreet, Inc.



JOSEPH MASSAGLIA, JR., President

Hotel MIRAMAR AND BUNGALOWS
SANTA MONICA, Calif.

California's World-famous Resort—250 rooms
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Hotel SENATOR
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The Capital's Premier Hotel—400 rooms
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Hotel EL RANCHO & Bungalows
GALLUP, New Mexico

World's Largest Ranch House—200 rooms
MARTIN L. HANKS, Manager

Hotel PARK LANE
DENVER, COLORADO

Magnificent Rocky Mountain View—400 rooms
CHARLES W. COLE, Manager

Hotel RALEIGH
WASHINGTON, D. C.

On Famous Pennsylvania Ave.—500 rooms
JOHN F. SCHLOTTERBECK, Manager

Hotel BOND
HARTFORD, Conn.

Hartford's Finest—400 rooms
GRIFFITH R. DAVIES, Manager

Hotel SINTON
CINCINNATI, Ohio

Hospitality at its Best—700 rooms
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Hotel SHERWYN
PITTSBURGH, Pennsylvania

Center of Everything
MURREL F. VAUGHN, Manager
World-famed hotels—
Teletype service—Family Plan



Legal Rulings and Opinions

Court Unwilling to Overturn Finding in Accountants' Case

By Carl B. Everberg, Attorney
Woburn, Massachusetts

The second circuit court of appeals of the federal court (New York City) refused to reverse a finding of a jury which vindicated a firm of accountants in connection with audits made by them and alleged by a lending institution to have been negligently made. (*C. I. T. Finance Corporation vs. Glover*, 224 F. 2nd 44.) This recent case presents unusually interesting questions as to the standards required of accountants in audit reports, especially where they contain disclaimers.

The lender had advanced very substantial sums to the borrower, which went into bankruptcy. The lender brought suit to recover losses incurred through the bankruptcy, alleging that it had failed to call the loan because of reliance on the accountants' statements concerning the borrower's condition. The lender claimed that the accountants should have pointed out the necessity of larger reserves due to the stagnancy of certain collateral held by the borrower.

The defense of the accountants was, first, that they had not asserted any special competence to make appraisals of the borrower's collateral, and in each audit they qualified their reports to show that the accountants had to rely, to a great extent, on the management's statements about the nature and value of the collateral. Secondly, they further qualified their reports with a general disclaimer statement to this effect: "While it was not within our province to pass upon or assume responsibility for the legal or equitable title to the commercial receivables" . . . or "the valuation of any security," etc. The jury found that the accountants had protected themselves by this disclaimer and that their statements and certification were not false or untrue in any material respect.

The lender urged that there should be a stricter liability on accountants for their audits and reports. But the court said it felt it should not go

beyond the standards of the market place as reflected in current judicial decisions.

What's in a Name? Plenty!

No one can obtain a monopoly on a name "whose bearers are legion," said Walter A. Lynch, New York state supreme court justice, when Ed Sullivan, columnist and television figure, sought in vain to prevent Ed Sullivan, Buffalo seller of radio and TV sets, from using the name on his shop.

"There were Ed Sullivans without number long before plaintiff was born," Justice Lynch reflected, declaring a man has a right to use his own name in business.

Check Job Insurance!

Under the 1955 amendments to the New York state unemployment insurance law, any firm which has three or more employees on any day in 1956 will become liable for the unemployment insurance tax on wages for the remainder of the year and all of 1957 at least; and beginning Jan. 1, 1957, any concern having two or more em-

ployees on any day will come under the law.

State Industrial Commissioner Isador Lubin declares "this means that even the smallest firm which regularly has only one employee will become liable for the unemployment insurance tax if it employs a couple of temporary laborers or sales clerks or extra employees of any kind for even one day or part of a day in 1956; or if it employs only one extra employee for no matter how brief a period beginning in 1957."

Any employer becoming subject to the law is required to declare himself immediately by notifying the Unemployment Insurance Accounts Bureau of the Division of Employment, State Department of Labor, 800 North Pearl St., Albany 1, N. Y.

Write the Public Relations office at the above address for booklets "Employment Insurance for Small Business," "Interpretive Questions and Answers" and "Handbook for Employers with Key Forms."

Canadian Customs Invoices

The New Canadian customs invoices ("MA" and "NA"), for shippers from the United States to Canada, are now in use. Revision was made under Customs Memo D 43, 3rd Revision, August 1. The old invoice forms are not being accepted, starting Jan. 1.

Seeing the Inevitable

From an Editorial under the above heading in the
Grand Rapids (Mich.) Herald

YOU do not usually expect to hear predictions of recession from a business organization, much less an expression of hope that such a condition would come.

But Henry H. Heimann, executive vice president of the National Association of Credit Men, declares outright in his Monthly Business Review that "no economy can go on uninterruptedly making new highs, new production and sales records day after day, month after month and year after year."

A breathing and digesting period, short or long, is inevitable, he says, and while over the longer period the trend in this country will be up and up, there will be some intermediate dips and readjustments.

"Certainly," says this veteran analyst, "most of us hope this will occur."

Heimann takes the sensible view that such adjustments are in the interest of a sounder long-range program. If put off too long, adjustment is usually too difficult, and might result in a serious set-back.

This spokesman is putting in slightly different language the idea often expressed by economists when they talk of smoothing out the hills and valleys of our economy. He seems to think a little adjustment every once in a while is much better than a big depression at longer intervals.

Such statements as these should come more often. If the public better understood the necessity for periodic adjustments it would be less apt to panic when they come. There would be less likelihood of cries for government succor—usually with political implications—whenever there was a downward adjustment such as occurred in 1954.

Mr. Heimann is merely a prophet of reality—not gloom.

High Command Orders Advance on All Fronts To Make Cincinnati Convention Best Ever

CONVENTION HIGH COMMAND, Cincinnati 1956, has gone into action, with the leaders chosen to represent profession and association, for the 60th annual Credit Congress and Convention of the National Association of Credit Men, May 13th-17th. They'll triple-feature the bill with observance of the 60th birthday of the Cincinnati Association of Credit Men, and the 25th anniversary of Executive Vice President Henry H. Heimann in the leadership of National.

Orders have gone out from Irwin Stumborg, general chairman, and his four vice-chairmen—M. H. Anderson, Paul Cutshall, Leonard J. Gruber and F. M. Hulbert—to make this the greatest Credit Congress to date.

All Fitting into Pattern

"Conference," "Group meeting speakers," "Call Irv," and similar reminder notations now appear almost daily on memo pads of a host of credit executives. The executive committee and 15 other committees already are deep in maneuvers for the 60th Credit Congress. The local reservations committee members have been busy for weeks. General session programs, Group meetings, entertainment features, business sessions, all

are being fitted into a profitable and pleasing pattern for you, your wife and guests.

Many of you will recall that previous conventions of National held in Cincinnati took place in historic years: 1913 and 1942. (Let Harry Voss and Otto Dreutzer, and some of the other "oldtimers" of the 1942 convention committees, do the reminiscing for you about *that* gathering.) In 1913 we were on the verge of the holocaust, World War I; that was the year the Federal Reserve bill

was passed. N.A.C.M. membership had risen to 17,145. In 1942 we were heavily involved in lend-lease to Russia and the late President Roosevelt had signed the bill to stabilize prices, wages, salaries; it was the year of the first nuclear chain reaction. N.A.C.M. membership was 18,511.

New Problems Call for Solution

Now in 1956, with more than 35,000 members, we are on the verge of a great, new unpredictable era, the atomic age. National production, wages, consumer debt stand at all-time highs. Credit management and policy, always woven into our economic fabric, take on new designs. What will be the significance to you and to your organization of automation, of increased competition, of fresh developments in credit, sales, distribution, financing management techniques? You have found that Credit Convention meetings—where leaders in industry, education and professional fields discuss developments, appraise trends, analyze everyday applications, and indicate new avenues of growth—pay off in dividends in professional progress.

Come convention-time, host Cincinnatians will be ready and waiting

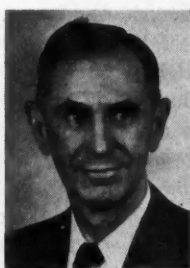
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IRWIN STUMBORG



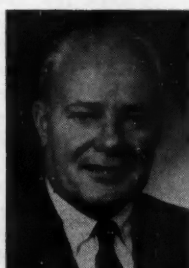
M. H. ANDERSON



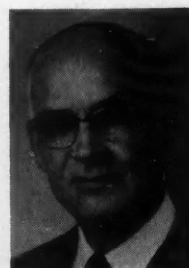
P. W. CUTSHALL



L. J. GRUBER



F. M. HULBERT



H. W. VOSS



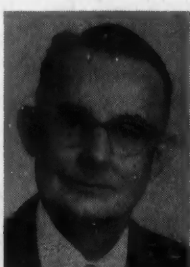
MISS R. G. BASLER



MISS D. M. DODD



O. E. DREUTZER



R. G. HOISTE



J. R. McMAHILL



R. A. NUNLIST



S. J. HAIDER

to greet you in the "Friendly Big City." From the headquarters hotels, Gibson and Netherland Plaza, they'll direct strategy, keep things moving briskly, to carry out the convention tempo set by the general executive committee members. You'll want to know more about them. Here it is.

EXECUTIVE COMMITTEE

General Chairman

IRWIN STUMBORG, assistant treasurer and credit manager, Baldwin Piano Company, Cincinnati, went with the instrument company in 1920 from the accounting department of Swift & Company, St. Louis. In 1930 he was transferred to the general offices in Cincinnati as credit manager and assistant secretary. He is serving a second time as vice president of the central division, N.A.C.M., having served previously in 1953-54. He was president of the Cincinnati Association of Credit Men 1947-48. In National, besides having been a director and in 1950-52 chairman of the CREDIT AND FINANCIAL MANAGEMENT advisory committee, he has served on the nominations, publications and executive committees; also is a member of administrative and by-laws committees and currently is chairman of the legislative committee. Born and educated in St. Louis, he passed the Missouri Bar examination there.

Vice General Chairmen

M. H. ANDERSON, since 1946 credit manager of the Graybar Electric Company, Ohio Valley district, has been with the company since 1929. He is completing his sixth year as a director in the Cincinnati association, of which he was president 1953-54. At the Credit Congress he also will serve as chairman of the committee for the Electrical Industry Group meetings.

PAUL W. CUTSHALL, general credit manager and assistant treasurer. South-Western Publishing Company, Inc., was for 25 years a teacher of business subjects and a school administrator before he joined the publishing company in 1944. He has served as president of the Indiana State Business Teachers Association and the Ohio Business Teachers Association. He is immediate past president of the Cincinnati association, and has served as a member of the

national education committee. He is a Hoosier by birth and direct descendant of Daniel Webster.

LEONARD J. GRUBER, executive vice president and secretary, Central Carton Company, Cincinnati, has been identified with many activities of the Cincinnati association. He is a member of the advisory board, and has served as association vice president and president (1948-49), as president of the Service Bureau, and as chairman of the Tuesday-noon Credit Club Luncheon Group. A graduate of Xavier University, he is a past president of Kappa Sigma Mu fraternity.

F. M. HULBERT, manager credit division, The Procter & Gamble Company, joined the company in 1929 and worked in branch units until 1936, when he became assistant manager of the credit division in the general office. He advanced to credit manager in 1947. Mr. Hulbert is a past president of the Cincinnati association (1952-53), and a past president of the Service Bureau. He is serving his second year as a national director, is a member of the National Fraud Prevention committee and vice chairman of the CREDIT AND FINANCIAL MANAGEMENT advisory committee. He also is board chairman of the National Manufacturers Credit Division. Finds time besides for civic activity, including Community Chest

and Red Cross, and is president of the Southwestern Ohio Sportsmen's Club.

Committee Members

HARRY W. VOSS, secretary-manager Cincinnati Association of Credit Men, went from Toledo to Cincinnati, to assume the duties of manager of the Service Corporation. In 1934 he added the responsibilities of association secretary. Under his guidance the Cincinnati association has constantly moved forward, with annual growth in membership and with marked financial stability. In 1952 the association purchased its own office building with the expectation of liquidating the final indebtedness before the May 1956 credit convention. Mr. Voss was admitted to the practice of law in Indiana.

ROSA G. BASLER is treasurer, assistant secretary and member of the board of directors of The F. D. Lawrence Electric Co. Cincinnati. Miss Basler is a past chairman of the National's credit women's executive committee; past president, Cincinnati Credit Women's Group; past secretary, Zonta, Cincinnati, and member of The Council of Churchwomen.

She received her formal education at Hughes high school and The Evening College, University of Cincinnati.

DOROTHY M. DODD, the president of the Women's Group of the Cincinnati association, has eight years of credit experience as assistant to the district credit manager of Graybar Electric Company. Earlier in the association she served as membership chairman, publicity chairman and as vice president for two years. She is in a three-year term as a member of the board of directors of the association.

In addition to membership on the executive committee for the national convention, Miss Dodd is on the committees for advanced registrations, and publicity, and on the program committee for women's activities.

OTTO E. DREUTZER, credit manager of The John H. Hibben Company, was credit manager of the wholesale division of the Alms & Doepke Company of Cincinnati for many years. He served two terms as president of the Cincinnati Association (1939-41);

(Concluded on page 38)

Oil Industry Future Bright; Predict Use Doubled by 1975

Within the next 20 years fuel consumption in this country will be doubled, with fuel oil and natural gas supplying the major share of the fuel oil needed to sustain expanding electricity production. There will be 81,000 wells drilled in 1975, compared with approximately 55,000 in 1955; steel tonnage shipments for all uses in the oil and gas industries will be around 12,000,000 in 1975, compared with some 5,000,000 tons in 1954. These were projections for a bright future envisioned by members at the annual meeting of the American Petroleum Institute.

Over-optimism on atomic power development was warned against. "Even by the year 2,000, twice as much electric power will come from conventional fuels such as oil, gas and coal as from nuclear power," predicted C. V. Roseberry, of Westinghouse Electric Corporation.

This is what just a few
EMPLOYERS, STUDENTS, GRADUATES
say about

The Graduate School of Credit and Financial Management

A Company President

"... we believe strongly in research as the basis for our long range planning. We also believe in our qualified executives continuing their schooling so that we may keep abreast of our ever-changing economy. The intense training... received in the three year course at the Graduate School has made her more valuable to our company and made it possible for us to increase her income.

"The Management Study Report, a requirement for graduation, was not only extremely educational to... but was a priceless contribution to our organization. It has paid for the course many times over..."

A Student

"... I was extremely well pleased with the high caliber of instruction as well as the substance of the courses offered. The fresh ideas and new approaches are indeed thought provoking and I find my own perspective of credit, and the related fields covered, greatly broadened by the experience gained at (the School). Each succeeding year I know will add to my development and growth. I'm 100% sold on the School and I expect to interest others by telling them about the School. . ."

GRADUATES

"... already getting more recognition from top management."
"... lacking formal education was stymied in my job... progress already evident."
"... contemplated company reorganization crystallized by my Graduate School work. Now in effect."

"... Already, some of my suggestions have resulted in company savings greater than the cost of 3 years of the Graduate School."

"... Attendance at the School and research and writing of my Management Study Report are two of the most important things that ever happened to me."

EMPLOYERS

"... both the first and second year have done a great deal toward improving the operation of our business."

"... he absorbed very considerable knowledge pertaining to credit, and a clearer grasp of the financial aspects of business is readily apparent in the practical application of this knowledge in his daily work with our rather extensive trade."

"... Contacts made will stand him in good stead in the years to come."
"... The Graduate School has helped him grasp, with confidence, the additional responsibilities that are being directed to him every day."

The Graduate School of Credit and Financial Management is conducted by the Credit Research Foundation which performs the research and professional development functions of the National Association of Credit Men.

Haider a Staff Vice President Of N.A.C.M.; Other Changes

S. J. Haider has been elected a staff vice president of the National Association of Credit Men; Philip J. Gray, N.A.C.M. secretary, becomes director of the Foreign Department and J. Stewart Gillies manager of the Foreign Credit Interchange Bureau; William J. Dickson director of education for the Association and the Credit Research Foundation, Inc., and Robert M. Gardineer secretary of the Foundation. The elections were announced by Henry H. Heimann, N.A.C.M. executive vice president.

Dr. Carl D. Smith, who relinquishes the directorship of education with his part-retirement on January 1, will retain the title of managing director of the Foundation and will be consultant to the Graduate Schools of Credit and Financial Management at Dartmouth College and Stanford University. Mr. Dickson continues as assistant managing director of the Foundation in addition to his new duties.

Mr. Haider, N.A.C.M. convention director, was assistant executive manager of the national organization and manager of its Credit Interchange Bureaus before becoming secretary-manager of the Minneapolis Association of Credit Men in January, 1953. Mr. Gillies formerly was service manager of the Foreign Credit Interchange Bureau.

Besides Executive Vice President Heimann, Vice President Edwin B. Moran, Mr. Haider and Mr. Gray, N.A.C.M. staff officers also include Miss Ruth E. Hctor, treasurer, and Mrs. Rose M. Woodruff, assistant treasurer.

Must Cope with Change, Tri-State Conferees Told

That "the credit executive must be able to cope with change" is one precept that managers carried home from the 40th annual Tri-State conference in Elmira, New York. They heard discussed, within the framework of the theme "Progress with Sound Credit," phases of credit operation ranging from handling small accounts and promoting foreign sales to the guaranteed annual wage and its influence on credit. The nearly 400 executives attending were from New York, New Jersey, Eastern Pennsylvania, the District of Columbia, Delaware, Maryland and Virginia.

On the lighter side, members and

guests enjoyed a country fair, a visit to the Corning Glass Center, and a tour of a local winery in the heart of New York State's viniculture district.

A credit clinic, which threshed out credit problems tossed at them, had as moderator A. Edward Southgate, vice president-production control, Philadelphia & Reading Corporation, Philadelphia, N.A.C.M. eastern division vice president, and these panelists: William C. Hall, general credit manager, Sylvania Electric Products, Inc., Buffalo; Stanton R. Pemberton, assistant treasurer, American Overseas Finance Corp., New York City; and J. A. Painter, vice president, The First National City Bank of New York. Presiding was J. LeRoy Vosburg, partner in Fernald & Co., Philadelphia, past president of the Credit Men's Association of Eastern Pennsylvania.

The first full-day session heard speakers Eugene W. Walrath, credit manager, John Deere Plow Company, Syracuse, "Where Are We and Where Are We Going?"; and A. M. Sullivan, director of public relations and advertising, Dun & Bradstreet, Inc., "Credit Philosophy in a World of Change." "Your Best Relations Are Human" was the subject of the luncheon speaker, Dr. Wesley N. Haines, assistant to the president, Keuka College. Banquet speaker Dean Charles C. Noble, Syracuse University, had as his theme "The Right to Be Optimistic."

Manufacturers' Executive Speaks

At the Saturday morning session Raymond Westcott, staff member, The National Association of Manufacturers, discussed "The Guaranteed Annual Wage and Its Impact on Credit."

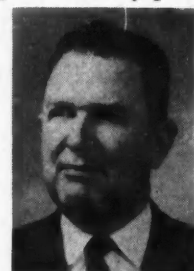
The Credit Women's luncheon was addressed by Dean Louise T. Payne of Elmira College. Mrs. Lucille Mielke, secretary, Triple Cities Association of Credit Men, Binghamton, was hostess. Mrs. Mary McGraw, office manager, Binghamton Container Co., member of the national credit women's executive committee, conducted the business meeting.

Joseph B. Rempe, manager, Dun & Bradstreet, Inc., Elmira, was general chairman of the conference, and A. Roland Will, credit manager, General Electric Co., Albany, past president of the Eastern New York Association of Credit Executives, presided at the opening session. Robert L. Morris, credit manager, Thatcher Glass Manu-

facturing Co., Elmira, is president of the host New York-Pennsylvania Credit Association.

Pemberton, Oklahoma Past President, Tops Law Class

Earning the law degree of the Oklahoma City University school of law by studying nights was only part of the accomplishment of M. D. Pemberton, credit promotion manager for McKesson & Robbins, Inc., Oklahoma City, and past president of the Oklahoma Wholesale Credit Men's Association. He also won the law award given to the class member having the highest grades.



M. D. PEMBERTON

A graduate of Oklahoma A. & M. College school of commerce and marketing, Mr. Pemberton began his business career as credit manager of Patterson & Hoffman, Oklahoma City. He was secretary-manager of the Oklahoma association (now N.A.C.M., Oklahoma Division) for eight years before joining McKesson & Robbins' predecessor company in 1947. He is a Fellow of the National Institute of Credit.

Cedar Rapids Newest Entry In Credit Women's Groups

The Credit Women's Group of Cedar Rapids, Iowa, is the newest unit to be welcomed into the Association credit women's groups. Miss Ivadeen Maifeld, of Cedar Rapids Pump & Supply Company, has been named president. Mrs. Grace Eyman, Crescent Electric Company, is vice president and Miss Louise Safely, Van Meter Company, is secretary-treasurer.

Miss Hilda Carlson, of Iowa Concrete Block & Material Company, and the Des Moines Credit Women were instrumental in organization of the new Group, which follows closely upon the formation of units in Charlotte, San Antonio, Baltimore and Nashville.

A business forecast promises no recession as long as people keep buying. This is the economic version of an old weather report: Nice day if it doesn't rain.

—Anonymous

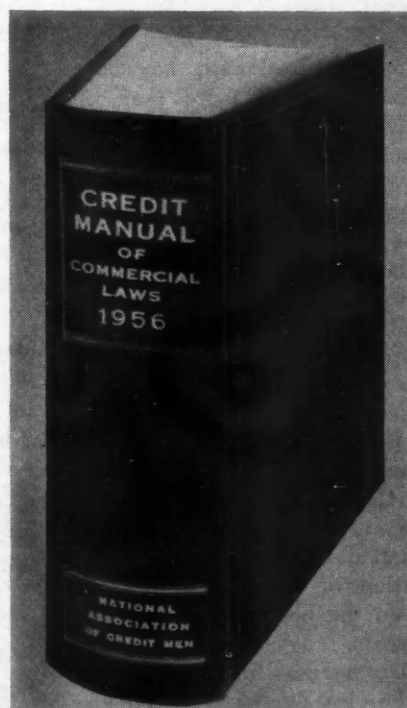
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Besides the protection of legal information, the 1956 MANUAL brings you for ready reference a number of allied working tools, such as the terminology of Wall Street, insurance and financial statements, and addresses of Government contracting agencies.

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The growing participation of the credit executive in top policy-setting levels makes particularly valuable the new booklet, "Triple Function of TODAY's Credit Management." Send your order today for the MANUAL and this work will be sent you free.

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PUBLICATIONS DEPARTMENT, NATIONAL ASSOCIATION OF CREDIT MEN

229 Fourth Avenue

NEW YORK 3, N.Y.

CONVENTION TEAM

(Concluded from page 34)

assisted in organization of the Tuesday-noon Credit Club luncheon meetings and is an active member of the advisory board.

Mr. Dreutzer first attended a N.A.C.M. convention in Kansas City in 1917, and served a three-year term on National's board (1942-45). He helped found the National Institute of Credit. In the evening college at the University of Cincinnati he was instructor in credits and collections.

RALPH G. HOLSTE, loan officer and vice president of The Central Trust Company of Cincinnati, has been with this company more than 35 years. He has held many important posts in the Cincinnati Association of Credit Men, was president in 1949. Graduate of the American Institute of Banking, he is a past president of the Cincinnati Chapter A. I. B., president of the Cincinnati Sertoma Club, and a member of the Robert Morris Associates and the Cincinnati Bankers Club.

J. R. McMAHILL has been associated with General Electric Supply Company for 26 years, and is now credit manager for the Cincinnati district. In the Cincinnati Association of Credit Men he has served on the board for more than five years, as vice president, treasurer, and has been a president of the Service Bureau. He is chairman of the Electrical Supply and Appliance Trade Groups.

Mr. McMahonill is a graduate of Ohio State University and active in Y. M. C. A., church and other community work. His son attends Ohio State University.

ROBERT A. NUNLIST, now president of the Cincinnati Association of Credit Men, is credit manager of the Armco Steel Corporation of Middletown, Ohio, has been with the company more than 20 years. He holds a bachelor's degree from the University of Cincinnati; master of business administration Xavier University, Cincinnati; has completed the courses of the N. A. C. M. Graduate School of Credit and Financial Management; and is a Fellow of the National Institute of Credit.

Mr. Nunlist, father of three sons,

is chairman of the Middletown's zoning board of appeals.

S. J. (BUD) HAIDER, N. A. C. M. convention director since 1951, has just been elected a staff vice president of N. A. C. M. He was assistant executive manager and manager of the Credit Interchange Bureaus before becoming secretary-manager of the Minneapolis Association of Credit Men in 1953. He had joined National in 1934 as a salesman, advancing to assistant manager of the Central Credit Interchange Offices in St. Louis and then manager of the bureaus in 1945.

Deaths

W. S. Henderson

Word has been received of the passing of W. S. Henderson of Grand Prairie, Texas. He was president of Texas Plywood & Lumber Company.

F. A. Thomas

Frank A. Thomas, president of Thomas, Field & Company, Charleston, West Virginia, is dead.

W. Z. Clark

Suddenly, William Z. Clark, secretary, North Pole, Inc., Pittsburgh.

R. B. Nelson

Word has been received of the passing of R. B. Nelson, treasurer and director, M. & P. Drug Company, Pittsburgh. Mr. Nelson was chairman of the Confectionery, Drug and Tobacco Credit Group of the Credit Association of Western Pennsylvania.

American Public Good Credit Risk: Banker Jacobson Says

Answering the question, "Are we headed for a bust?" put to him by the *Industrial Banker*, magazine of the American Industrial Bankers Association, Joseph Jacobson, vice president of the Industrial National Bank of Providence and president of the Rhode Island Association of Credit Men, declares that "the American public is still a good credit risk" but urges financing agencies to stress quality rather than quantity. Mr. Jacobson, one of 61 industrial bankers queried across the nation, was quoted in the *Providence Bulletin*.

Credit Leaders at Havana Stress Profession's Aims

Leaders of organized credit in the United States gathered with Cuban credit executives in Havana for a forum on credit sponsored by the Asociacion de Profesionales de Credito de Cuba, in which were emphasized the kindred roles of credit practice and research in both nations' economy. At the association dinner, Henry H. Heimann, executive vice president, National Association of Credit Men, and Paul W. Miller, president of the Marlborough Company, Atlanta, were awarded "Member of Honor" diplomas by the Cuban association, of which CP. Jose Mola Morilla is president.

In outlining the significance of research and education in the winning of professional status for credit management in this country, Mr. Miller, who is a past president of both the N.A.C.M. and the Credit Research Foundation of the national association, told how "better understanding of sound credit practices and responsibilities and the promotion of interest in professional standards" have been fostered by the program of education undertaken by the national association. He predicted that organized credit will ultimately play as important a role in the economy of Cuba as it has played in the United States.

"The very fact that credit is so powerful makes essential that it be handled judiciously," said Henry H. Heimann, N.A.C.M. executive, speaking at the association dinner at Miramar Beach, Marianao. "Used unwisely, it can be as explosive as dynamite; used intelligently it is one of the most effective means for a better way of life."

N.A.C.M. past president Don M. Messer, vice president and general manager, Dohrmann Commercial Company, San Francisco, also attended with Mrs. Messer.

Ogden Hershaw Is Editor of Canadian Credit Publication

Ogden Hershaw, named editor of "Credit," monthly publication of The Canadian Credit Men's Trust Association, Ltd., at 12 Berryman Street, Toronto, Ont., studied in Europe, where he received his degree in history and political science. In Canada he homesteaded and prospected before turning to the newspaper and public relations fields.

HOW ST. LOUIS DID IT

Prior to registration for the fall semester, the office of the St. Louis Association of Credit Men mailed to every member a brochure covering the current school year, as well as a complete schedule of classes, times and instructors for all required and elective courses in the following programs at Washington University:

Associate Award
Fellow Award
Certificate of Credit Management
(Washington University)

At the September meeting of the association's board of directors, volunteers selected classes to visit at Washington University for enrolment of students. The education committee also selected classes to visit. The remaining classes to be visited were divided among other association members and the staff.

The dean's office at Washington University wrote the instructors in more than 30 of these classes that an association representative would be present the first night the classes convened, and that the instructors should cooperate in every way possible. The instructors were contacted by telephone in verification of the visits.

At the class session the association representative distributed brochures explaining the program of the St. Louis chapter, National Institute of Credit, and enrolment forms were given each class member. Following a ten-minute presentation the students were encouraged to enroll. Over 600 enrolled in our program for this year, including personnel of our member firms and university college students at Washington University, which operates an excellent four-year program (at night) leading to a Certificate in Credit Management, awarded by the university.

The education committee members followed up with a mailing to all students and the faculty, further explaining the program and encouraging attendance at educational meetings. The first of four educational meetings this school year (without dinner or any cost) was held in October.

The association secretary meets regularly with personnel from the dean's office and faculty, to discuss improvements.

Institute of Credit Enrolment Rises *21 Per Cent—400 Students—in Year*

Enrolment in the National Institute of Credit has increased 21 per cent—400 students—in the past year. N.I.C. is one of the educational activities conducted by the Credit Research Foundation of the National Association of Credit Men.

Total enrolment for N.I.C.'s school year ended Aug. 31, 1955, was 2,304, in contrast with the 1,904 enrolled for the preceding school year.

The number taking N.I.C. correspondence courses has more than doubled. Total correspondence course registrants in 1953-1954 were 27; for 1954-1955 the total was 58.

In the 1955-1956 school year, which began September 1st, The St. Louis Association of Credit Men N.I.C. enrolment in less than two months had risen to 621, top registration in the nation.

In the last school year, St. Louis set the pace with 512; New York was second with 461 members actively enrolled and Los Angeles third with 322.

Other leading enrolments include:

San Francisco, 150; Providence, 124; Newark, 103.

St. Louis has as co-chairmen of its education committee: Andrew M. Coventry, Laclede Christy Company and D. E. Miller, Gaylord Container Corporation.

The Association president is A. F. Gerecke, Pulitzer Publishing Company. Jack F. Schofield is secretary-manager.

In New York, the education committee chairman for the school year just ended was Herbert I. Mero, Amwool Financial Corporation; in Los Angeles, the committee chairman was E. G. Junge, Hoffman Radio Corporation.

Ranked in comparison of total local N.I.C. enrolment to total local association membership, the top six associations in terms of percentage are: St. Louis, 62.7; Providence, 50.5; Newark, 26.9; Los Angeles, 19.7; New York, 12.9; San Francisco, 11.3 percentage.

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CALENDAR OF EVENTS IMPORTANT TO CREDIT

DELAVER, WISCONSIN

January 11-13, 1956

Credit Management Workshop



BROOKLINE, MASSACHUSETTS

March 28-29-30, 1956

Credit Management Workshop



CINCINNATI, OHIO

May 10-11, 1956

Annual Conference of N.A.C.M.
Secretary-Managers



CINCINNATI, OHIO

May 13-17, 1956

60th Annual Credit Congress and
Convention, National Association
of Credit Men



STANFORD, CALIFORNIA

July 8-21, 1956

Stanford University Session of the
N.A.C.M. Graduate School of
Credit and Financial Management.



HANOVER, NEW HAMPSHIRE

August 5-18, 1956

Dartmouth College Session of the
N.A.C.M. Graduate School of
Credit and Financial Management.



BRainerd, MINNESOTA

(Pelican Lake)

September 6-7-8, 1956

North Central Credit Conference,
including Minnesota, North Dakota
and Winnipeg



WATERLOO, IOWA

September 19-20-21, 1956

Tri-State Credit Conference, com-
prised of Iowa, Nebraska and
South Dakota



ST. LOUIS, MISSOURI

October 17-18-19, 1956

Tri-State Annual Credit Conference,
including Kansas, Missouri and
Oklahoma



SAN DIEGO, CALIFORNIA

October 25-26, 1956

Pacific Southwest Annual Credit
Conference



TOLEDO, OHIO

October 26-27-28

Midwest Credit Women's Conference

HOUSTON, TEXAS

November 8-9-10, 1956

All-South Credit Conference, cover-
ing Entire Southern Division

Adamsky Foreign Interchange Head; Banta, Drug & Chemical

Max Adamsky, secretary of D. C. Andrews & Company, New York, has been installed as chairman of the Foreign Credit Interchange Bureau, National Association of Credit Men, succeeding Ralph M. Binney, vice president, The First National Bank of Boston.



MAX ADAMSKY

At the annual meeting Henry H. Heimann, executive vice president, National Association of Credit Men, extended the Association's thanks to Mr. Binney for his two years of service.

Benjamin F. Banta, Jr., export manager of The Andrew Jergens Company, New York, has been named chairman of the Bureau's Drug & Chemical Export Club. Vice chairman is Paul Clever, assistant export manager of Mallinckrodt Chemical Works. The retiring chairman is Robert L. Roach of Colgate Palmolive Company.

Tighter Money Can Prevent Inflation, Declares Banker

"We have never had a significant inflation during a period of tight money. Although tighter money affects only marginal spending, this can be sufficient to prevent inflation." Beryl W. Sprinkel of the Harris Trust & Savings Bank, speaking at the Illinois Regional Credit Conference in Chicago, pointed out that the basic cause of past inflations had been "excess of spending power in relation to the flow of goods and services available for purchase." Concerning the longer run outlook, however, "moderate inflation is still a good bet," he said. He anticipates the rise in the price level in 1956 will be no more than about 1 per cent.

"A breathing spell" in the economy is not to be unexpected, N.A.C.M. executive vice president Henry H. Heimann told the conferees, adding

that "such a breathing spell may be nearer than we think." Basically, he said, the prosperous economy has not run its course and the conditions which produced it still prevail, but undoubtedly the present pace cannot be maintained without a slight adjustment.

William M. Edens, assistant controller, Continental Illinois National Bank & Trust Company, Chicago, presided at the audience-participation discussion of "How Much Credit and Why?" Mr. Edens is first vice president of the Chicago Association of Credit Men, which sponsored the conference.

(Picture in Pictorial Section)

Panel at Wichita Traces Trends in the Economy

Appraisal of the nation's economy by the president of the National Association of Credit Men, a panel discussion of the economic trends affecting credit, and a tour of the Boeing airplane plant, were among the balanced features of the three-day Quad-State Conference at Wichita, Kansas. Banquet speaker Edwin B. Moran, vice president, N.A.C.M., had as his subject "Credit Management—Part of Distribution or Accounting?"

G. W. McCarty, assistant treasurer, Boeing Airplane Company, addressed the Friday morning session on "Profit Margins in the Aircraft Industry."

"The short-range economy is in a period of inflationary pressure," said Paul J. Viall, N.A.C.M. president, treasurer of the Chattanooga Medicine Company.

"This will be controlled if we keep the right people at the controls and if we exercise the sound judgment of which we are capable in the management of our personal responsibilities."

Obviously pointing up the tempo of today's credit processing was Dr. William A. Nielander's subject, "Just a Minute, Marg, Until I Open the Charge Account." Dr. Nielander is dean of business administration and industry, the University of Wichita.

"Observations on the Cultivation of a Boss" were presented in the afternoon by Edward T. McNally, McNally Manufacturing Company, Pittsburg (Kan.). Anthony Manhardt, Manhardt Institute, Wichita, spoke about the "Credit Side of Selling." Executives from Kansas, Missouri, Southern Illinois and Oklahoma attended.

(Picture in Pictorial Section)

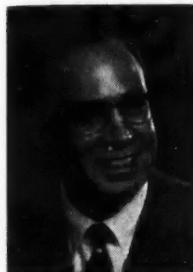


E. W. DEW

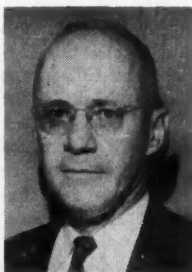


H. S. BLITZ

Executives in the News



F. C. LIVERMORE



W. R. MASON



J. J. STEIG



T. E. GOODRUM

Hawaii Utility Treasurer Rose From GI to Colonel in Army

Had World War II lasted a bit longer, the recently elected president of the Hawaii Association of Credit Men undoubtedly would have worn the stars of at least a major general. As it was, Howard S. Blitz rose from enlisted man in December 1940 to lieutenant colonel in the Army transportation corps, serving overseas for 3½ years.

The assistant treasurer of Honolulu Gas Company, Ltd., and assistant treasurer of Pacific Refiners, Ltd., of Honolulu, is a man of wide interests, among them numismatics and the collection of early Americana in the form of old broadsides and rudimentary laborsaving devices. He is a past director of Honolulu Chapter, National Association of Cost Accountants, holds many other honors.

Unit Honor Caps Minneapolis Treasurer's 25 Years in Credit

Having fulfilled the exacting requirements for professional leadership through "ground-up" experience and steady development, Fred C. Livermore now has won the honor of

election to the presidency of the Minneapolis Association of Credit Men. Mr. Livermore began his credit career in 1930 with Butler Brothers, Minneapolis, and was district credit manager when he left in 1950 to join the Kaufman Knitting Company, Minneapolis, as credit and office manager. He advanced to company treasurer early in 1955.

From Seventh Army's Campaign Risks to Credit-Risk Control

At 46, Edward W. Dew, the assistant manager of credits at Wheeling Steel Corporation, Wheeling, W. Va., has totted up 27 years' service with the steel corporation and subsidiary companies. Subtract one interruption for military service from 1941 to 1945, which took him through 34 months' action in North Africa and Europe with Headquarters I Armored Corps and Seventh Army, and culminating in six battle stars, also the Bronze Arrowhead for the Southern France invasion and the Legion of Merit.

Interest in credit stimulated on return from military service, Edward Dew served two years as vice president of the Wheeling Association of Credit Men and now he has been elected president. He is a past commander of American Legion Post 113.

Increased Scope of Service Parallels Personal Progress

Hand-in-hand go personal advancement and intensified service, in the case of J. J. Steig, Columbus, Ohio, executive. In 1950, when first elected president of the Columbus Credit Association, he was credit manager of The Tracy-Wells Company, a post he had held since 1945. Reelection to the association presidency now finds him assistant treasurer of his company and a member of its board, as well as vice president of Adco Realty Company, a wholly owned subsidiary of Tracy-Wells.

In 1954 Mr. Steig served as general

chairman for the Ohio Valley Regional Credit Conference in Columbus. At the National Credit Congress in Chicago he was chairman of the Hardware Wholesalers Industry Group meetings.

Do-It-Yourself and Develop Resources, Executive Finds

The "let-George-do-it" psychology has no place in the thinking of T. E. Goodrum, the new president of the N.A.C.M. Tri-State Area, Inc., at Evansville, Indiana, whose rule of conduct takes him into activity ranging from home repair and painting jobs, as member of a do-it-yourself club, to association presidency, where the precept means added responsibility on both local and national levels.

Now credit manager of Iglehart Brothers Division, General Foods Corporation, Mr. Goodrum began his employment with the company as accounting clerk after a period with Chrysler Corporation. He successively was assigned to production, inventory, methods, purchasing and personnel supervisory posts.

Memphis Official Began Career with Local Bank

Special knowledge of local conditions, based on lifelong residence in the Memphis area, combines with broader industry and professional awareness in the person of William Russell Mason, recently elected president of the Memphis Association of Credit Men. Born in Tennessee's Shelby County, Mr. Mason began his business career with a local bank upon completion of high school, continuing studies in accounting and business law by night school and correspondence courses. He went with Stratton-Warren Hardware Company in 1933 in the accounting department, and in 1945 was made credit manager, the post he now holds. In World War II he served 26 months in the Air Transport Command budget and fiscal section.



Reports from the Field

ATLANTA, GA.—Speaking in the fourth of a series of five weekly seminars sponsored by the Georgia Association of Credit Management, Inc., and the Atlanta Retail Credit Association, Paul M. Millions, vice president, Commercial Credit Co., Baltimore, had as his theme "Collection Protection of Profits." Mr. Millions is a past vice president and director, N.A.C.M., and was twice president of the Georgia association.

OKLAHOMA CITY, OKLA.—Samuel J. Schneider, special N.A.C.M. representative, spoke before the Oklahoma Wholesale Credit Men's Association. His topic: the credit outlook.

NEW HAVEN, CONN.—The president of the Connecticut Development Corporation, Paul V. Hayden, was guest speaker at the meeting of the New Haven Association of Credit Men. Mr. Hayden also is vice president of the Connecticut Light & Power Co.

DAYTON, OHIO—A panel discussion on world trade, held by the Dayton Association of Credit Men, had as participants: R. M. Luckey, U.S. Department of Commerce; M. B. Enck, Standard Register Co.; and C. C. Hawkins, Winters National Bank & Trust Co. W. A. Sandusky, Standard Register Co., was moderator.

ST. LOUIS, MO.—The Credit Women's Club of St. Louis heard speaker William E. Gallagher, controller, Bussmann Manufacturing Co., division of McGraw Electric Co., discuss "Financial

Statements." This was followed by a credit education period which had as panelists Mrs. Gertrude Salomo, American Shoe Co., Miss Virginia Fischer, Westinghouse Electric Corp.; and Mrs. Hazel Burns, Paul Sachs Originals, Inc. Miss Fannie Klein, Meyer-Mueller-Goodman Co., was moderator.

"Know Your Association Night" had as speakers A. F. Gerecke, Pulitzer Publishing Co., president of the St. Louis Association of Credit Men; N. I. Ottinger, Cook Paint & Varnish Co.; S. J. Haider, N.A.C.M. staff; Fred Lauchli, St. Louis association's manager collection department; and J. F. Schofield, secretary-manager, St. Louis Association of Credit Men.

INDIO, CALIF.—Edwin B. Moran, vice president, National Association of Credit Men, addressed a joint meeting of the Valley members of the Credit Managers Association of Southern California (Los Angeles) and the Indio Rotarians. Mr. Moran is past president of the Chicago and New York Rotary clubs.

ROANOKE, VA.—"The Credit Executive As a Creative Force" was the topic of Harry M. Meacham, district manager of Dun & Bradstreet, Inc., Richmond, former lecturer in sales management, University of Richmond, at the dinner meeting of the Roanoke Association of Credit Men.

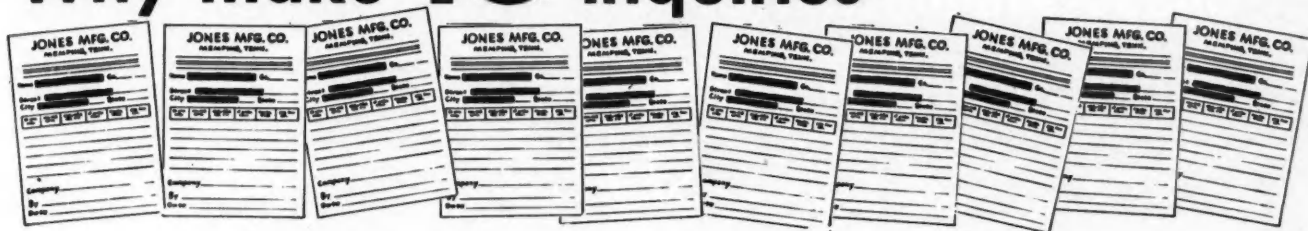
SIOUX CITY, IOWA—Industrial insurance was the subject of Steven Borstad, of Omaha, speaker at the dinner meeting of the N.A.C.M. Interstate Division.

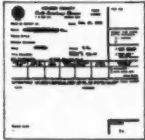
FIVE BIRTHDAY CANDLES. A birthday cake and flowers graced the speakers' table when the Wholesale Credit Association of the Carolinas, organized in 1919, with headquarters at Charlotte, N.C., observed the fifth anniversary of its enrolment in the Credit Interchange Bureaus of the National Association of Credit Men. Wilbert E. Miller, secretary-manager from 1950 until his death in January last year, was succeeded by M. L. Mitchell, formerly in a similar position with the Richmond Association.



AT THE SPEAKERS' TABLE (left to right): O. E. Smith, Jr., Biggers Bros. Co., Inc., association councillor; A. D. Leopold, The Atlantic Refining Co., director; F. M. Bell, Interstate Milling Co., director; W. W. Eckard, Wachovia Bank & Trust Co., program chairman; Lincoln Loney, American Oil Co., past president; W. C. Cannon, The Pure Oil Co., president; W. LeRoy House, The Electric Supply Co., Atlanta, Ga., N.A.C.M. director; J. N. Hopkins, Horne-Wilson, Inc., Carolinas association director; George T. Carey, Commercial National Bank, first vice president; J. B. Suiter, F. H. Ross & Co., second vice president; John E. David, Graybar Electric Co., Inc., director; M. L. Mitchell, secretary-manager; C. E. Roberts, Burwell & Dunn Co., treasurer.


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when **1** →  →
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A single inquiry, sent to the Credit Interchange Bureau serving your area, will bring you the ledger experiences of *many* suppliers—in *all* lines of business—from *all* points of the country . . . In carefully tabulated form, the report shows you *where* the customer buys—*what* he buys—what he *owes* now—and *how* he *pays* . . . The reports are dependable—confined to current, concise, unbiased **FACTS**—arranged for quick analysis and decision.

FORM 51

 **NATIONAL ASSOCIATION of CREDIT MEN**
Guarding the National Ledger Credit Interchange Report

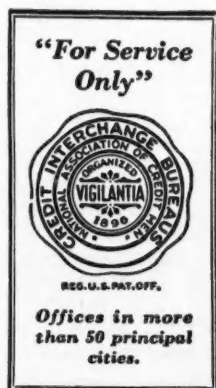
CO., **V. VA. COUNTY** DEC. 14, 1955

OFFICES IN PRINCIPAL CITIES

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information as gathered.

BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	HOW OWING	PAST DUE	INCL. NOTES	TERMS OF SALE	PAYING RECORD	DATE SLOW	COMMENTS
V. VA. TRI-STATE										
1125-14										
Meat	77s	11-55	740	363						
Ind S	77s	10-55	354							
D O	77s	11-55	718							
Elec	77s	10-55	807	270						
Ind S	77s	11-55	1505	621						
Paper	77s	9-55	322	306						
Hdwe	77s	11-55	642							
Furn	77s	11-55	1006	236						
Hdwe	77s	11-55	605	429						
Shoe	77s	11-55	3000	127						
	3-54	5-55	724	100						
MEMPHIS										
1125-14										
Drug	77s	11-55	1276	561						
VIRGINIA										
1126-509										
Shoe	77s	11-55	1276	561						
NEW YORK-PHILADELPHIA										
1126-1139										
Food P	77s	10-55	237							
CENTRAL & S W OHIO										
1126-462										
Food P	1-54	8-55	567							
Clo	77s	11-55	185	114						
NEW ENGLAND										
1126-408										
Food P	77s	11-55	1089	786						
WESTERN PENNSYLVANIA										
1126-723										
Ind S	77s	11-55	3884	2118						
continued										

Order #833



Ask the Bureau serving your area for detailed information about Credit Interchange Service. No obligation, of course.

If you prefer . . . write

Credit Interchange Bureaus
NATIONAL ASSOCIATION of CREDIT MEN
612-14 Arcade Building . . . ST. LOUIS 1, MO.

Chase Manhattan Check Clearing beats the clock!



1. **AT 3:30 A. M.** an incoming plane lands at LaGuardia Field. Mail is quickly unloaded, rushed down runways to airport post office for sorting and picking up by a carrier service.



2. **BY 4:30** remittance letters are speeding across the Triboro Bridge headed for the New York Clearing House—just around the corner from Chase Manhattan headquarters.



3. **AT 5:20** Chase Manhattan messengers pick up correspondent bank remittance letters at the Clearing House, rush them to Chase Manhattan's waiting nightworkers for processing.



4. **10 MINUTES LATER** agile fingers and high-speed machines are clearing incoming checks. Carefully trained, highly efficient Chase Manhattan people work three shifts around the clock.



5. **JUST AFTER 6:00 A. M.** Chase Manhattan correspondent checks are completely processed and ready to be delivered to member banks at the New York Clearing House or shipped out of town.

Pictures show fast collection features . . . minute-by-minute movement of incoming remittance letters

Top-speed check clearing is one of the most important services The Chase Manhattan Bank performs for its correspondents.

As these on-the-spot illustrations of just one of many daily collections show, float time is practically nil.

Twenty-four-hour clearing service, backed by experienced personnel working with efficient business machines, makes this fast collection feature possible.

If you are not already acquainted with Chase Manhattan's Check Clearing Service, we invite your inquiry.

Write to 18 Pine Street, New York 15, for full information about our Check Clearing Service—another good example of why it pays to do business with Chase Manhattan.

**THE
CHASE
MANHATTAN
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(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)